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NEWS SUMMARY

GENERAL

...ympic ...lit on ...iwan ...ue

...or split among the ...national ...of the International Committee appears to ...created by the refusal ...to allow Taiwan ...to enter the country ...representatives of the ...of China.

...Daume, ...of West ...vice-president, yester-...ast a fight on the floor ...ll committee meeting

...members are due then ...s the decision of the ...executive body which ...night bowed to the ...the Canadian govern-...

...weekend of intense ...g, Lord Killanin, IOC ...said: "We had no ...ice than to accede to ...wishes." He added: "If ...rew our sponsorship of ...s, we would lose control

...nt Ford deplored the ...and called for its ...

..., Editorial Comment, ...

...plane, ship ...enya

...has sent a frigate to ...and a photo-recon-...plane to Nairobi as ...between Kenya and ...continue to deteriorate ...termath of the Entebbe ...escue operation. Page 4

...bullet ...missed

...bridge doctor and a ...spector both failed to ...bullet holes in the head ...tian butler Ibrahim el ...51, who they found ...his Chelsea flat, a ...murder trial was told ...Both thought he had ...natural causes. A ...attendant found the ...one in the middle of ...forehead.

...eside ruling

...meside Council is to ...gainst yesterday's High ...ing upholding the Gov-...s efforts to introduce ...ensive education there.

...halts rout

...evented conclusion of ...nd rout of England in ...Trafford Test yesterday. ...score was 126 for 9, ...West Indies a virtual ...win to-day if play re-...Page 14

...le and places

...people were believed ...d 26 hurt when a bus ...ttle transporter crashed ...llingborough, Northants

...ple were shot dead and ...ers wounded yesterday ...gan ran berserk through ...na State University ...iring a rifle at random.

...or an inquiry into hang-...s turned down by the ...ent yesterday.

...gency airlift of electric ...ed at Heathrow yester-...India as supplies from ...distributors have dried ...the heatwave.

...nstra married his com-...arbara Marx behind the ...e of the home of former ...der Walter Annenberg ...Springs.

...lecturer and a girl ...of Luton were jailed for ...ouths for smuggling two ...to Britain. Police are ...a French-registered car ...other rabies inquiries.

...Neilson, accused of mur-...hree sub-postmasters, had ...ence adjourned until to-...because of a painful ...ulcer.

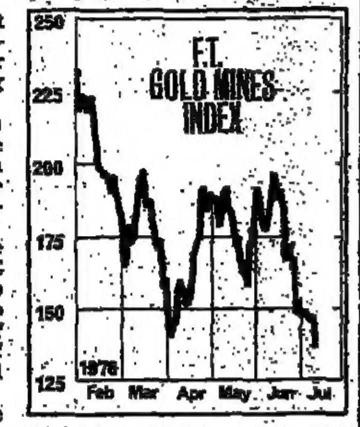
...ssian tanker Asherton ...its maiden voyage from ...ne without its missing

BUSINESS

Pound up 80 points: gold mines down 8.7

● STERLING gained 80 points to close at $1.7885, after touching $1.7900. Average weighted depreciation narrowed to 38.5 per cent. (38.9). Dollar's was 2.06 (2.05).

● EQUITIES closed little altered at the start of the new Account. F.T. 30-share index was 0.3 off at 386.4. Gold Mines Index fell 8.7 to 135.8, its lowest since May 30, 1973.



● GILTS eased initially, reflecting slight apprehension about to-morrow's June trade figures, but rallied later to erase losses. Government Securities Index closed 0.5 lower at 62.64.

● Gold fell $1 to $122.

● WALL STREET rose 8.10 to 1011.21, the best level since Jan. 23, 1973 (1018.66).

● CENTRAL BANK Governors, meeting in Basle, failed to finalise their plans for the second IMF gold auction to be held tomorrow.
Back Page

Cool reception for Cunard bid

● CUNARD Steam Ship Company's £55m. bid to acquire 16 ships belonging to Maritime Fruit Carriers has received a cool reception from some of the bank's holding first mortgages on the vessels.
Back Page

● AMERICAN MOTORS shares were briefly suspended on the *New York Stock Exchange* after it announced an unexpected third-quarter loss and as forecast, a loss for its fiscal year to September 30.
Back Page

● CHRYSLER Corporation chairman Mr. John Riccardo is "encouraged" by trade union co-operation since the company reached agreement on the rescue terms for its U.K. subsidiary.
Back Page

● THREE new major Stock Exchange issues could be in the offing, after a dearth over the past three years.
Back Page

● NUR has told the Government that half the seats on the British Rail Board should be filled by trade union members.
Back Page

● LUCAS management sent home 1,800 workers at its Birmingham starter factory, as British Leyland began recalling nearly 3,000 workers laid off at its Jaguar plant, Coventry.
Page 13

● EMI has started legal proceedings against Ohio Nuclear, its main U.S. competitor in the sale of computerised X-ray body scanners, alleging that in producing its machines, Ohio Nuclear has infringed EMI patents.

COMPANIES

● CROWN HOUSE taxable profit was £2.08m. (£1.63m.) for the year ended March 31, on turnover of £62.87m. (£57.24m.).
Page 23

● CHRISTIE TYLER pre-tax profits rose to £3.19m. (£1.87m.) in the year to April 30. Turnover improved to £32.18m. (£22.24m.).

...PRICE CHANGES YESTERDAY

(...in pence unless otherwise indicated)

RISES		
...olloids	130	+ 8
... G.)	160	+ 12
...and Counties	16	+ 3
...r (W.)	104	+ 11
...t (R. and G.)	33	+ 2½
...itumastic	39	+ 3
...ds.	110	+ 5
...C. E.)	420	+ 5
...	63	+ 5
...nd Henderson	90	+ 2
...ottish Finance	21½	+ 4½
...and Garton	142	+ 6
...(J. M.)	80	+ 6
...rg.	172	+ 4
...	142	+ 5
...(J.)	30	+ 5
...n Eng.	316	+ 8
...ec. Tools	62	+ 5
...Austen Young	95	+ 7
Weeks Nat. Resources	75	+ 5
Ocean Resources	65	+ 9
Pancontinental	£15½	+ 1¼

FALLS		
Treasury 3pc 1979	£88¼	− ¼
Brown and Tawse	80xd	− 4½
De La Rue	242	− 8
Dykes (J.)	30	− 4
Giltspur	30	− 3
ICI	360	− 6
Reed Intnl.	245	− 5
Rex Trueform "A"	215	− 13
Thermal Syndicate	83	− 3½
Anglo Am. Gold	£16¾	− 1
Doornfontein	280	− 40
Durban Deep	430	− 30
East Drie.	600	− 50
FS Geduld	£11	− ¾
Libanon	360	− 40
Randfontein Ests.	£18¼	− ¾
St. Helena	£10	− 1¼
Wit. Nigel	32	− 4

May output figures show accelerating economic recovery

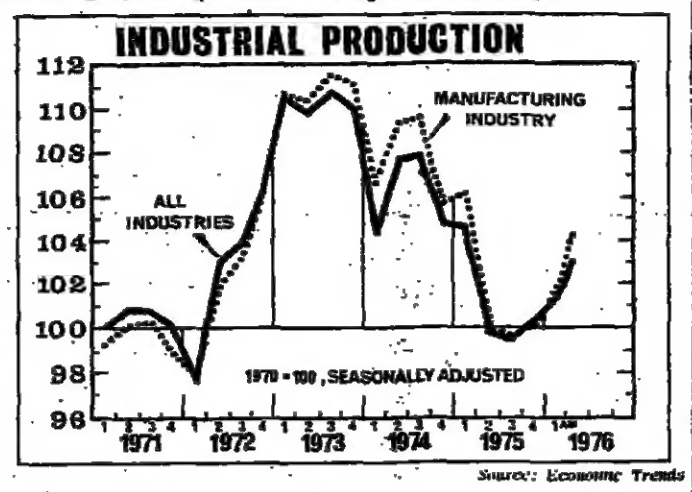
BY PETER RIDDELL, ECONOMICS CORRESPONDENT

The economic recovery is now accelerating and broadening out to cover a wide range of industry, according to the production figures for May

Industrial production rose by about 1 per cent. in May, the largest monthly increase this year, to 103.1 (1970=100) and is 1.4 per cent. higher in the March to May period than in the previous three months.

The improvement in manufacturing production has been even sharper with an increase of over 1½ per cent. in May and about 2 per cent. on a three-monthly basis.

These figures, which reflect the *strong growth in exports and the* start of restocking, provide the background to the recent upgrading by the Treasury of the *forecast rise in industrial output* from 8 to 9 per cent. for the year to mid-1977.



Source: Economic Trends

Potential

The further evidence of the strengthening upturn is also *timely support for Mr. Denis* Healey, Chancellor of the Exchequer, during his series of meetings this week with members *of the Parliamentary Labour* Party on public spending since he has urged the need to provide sufficient resources for the *expansion of industry.*

The expected further sharp rise in production should also produce a continued strong improvement in productivity. Output per head declined sharply during the recession, not only reflecting the severity of the *underlying downturn but also the* various official measures encouraging the retention of labour.

So the *official expectation is* that the clear potential for taking up the slack in the use of existing labour will be reflected in a *sharp and sustained rise in pro*ductivity over the next year or so. Indeed, manufacturing output per head increased by 2½ per cent. *in the first quarter compared with* the previous three months.

Although the official statisticians inject a slight note of caution about exaggerating the significance of one good month's figures, they point out that the all industries production index *in the last three months* was more than 1½ per cent. above its level in the same period a year ago, and the manufacturing index 2¼ per cent. higher—the first such annual rises since the beginning of the recession.

Moreover, the inclusion of deliveries as well as production in the compilation of the index, thus overlooking some restocking, probably means that the overall recovery since the middle of last year has been steeper than suggested by the published figures.

However, output is at the level reached in mid-1972 in the last

Continued on Back Page
Editorial Comment, Page 20

Raw-material costs rise 16% in four months

BY MICHAEL BLANDEN

INDUSTRY'S RAW-MATERIAL costs rose sharply again last month as a result of the fall in the value of sterling.

The cost of materials bought *by manufacturing industry apart* from food, drink and tobacco—which are subject to special influences—has leapt by about *16 per cent. in the past four* months, the period of the main weakness of sterling.

The pressure does not yet *appear to have had much impact* on the level of output prices—the cost of goods leaving the factory gate—which continue to show modest rates of increase.

But the higher materials costs will begin to work through in the coming months, partly offsetting the benefit gained from wage restraints. And already the year-on-year rate of increase in output prices, which has been improving steadily for 12 months, is showing signs of levelling off.

The effects will work through to the retail price level towards the end of the year, and the Government has already recognised that this will mean a delay in achieving its counter-inflation targets.

With a 5 per cent. fall in sterling thought to add 1 to 1½ per cent. to the cost-of-living index over a year or so, the year-on-year rate of retail price inflation may still be running at 12 to 13 per cent. by the end of this year.

Last month, the cost of materials bought by manufacturers, apart from food, drink and tobacco, rose by 3 per cent. This followed an increase of 2½ per cent. in May and rises of around 5 per cent. in each of the two previous months.

This was largely due, the Department of Industry explained, to an average value of sterling which was 2.4 per cent. lower than in the previous month, even though the pound recovered later from the low points reached in the first few days of June.

Higher prices for imported materials, notably wheat and tea, also brought a 1½ per cent. increase in the cost of materials bought by food manufacturers. Overall, the provisional price index for materials and fuel bought by all manufacturing industry rose by 2¼ per cent. to 297.6 (1970=100).

On the output side, the index for all products increased by 1 per cent., with the final effect of the Budget rises in duty on cigarettes accounting for ¼ per cent. The index for manufactured products other than food, drink and tobacco was ¾ per cent. up, and over the second quarter as a whole has risen by 3¼ per cent.

The year-on-year comparison for the all-industry index levelled off last month, with both May and June showing rises of 14¾ per cent. over the year. This comparison had been dropping for 12 successive months, as the large increases recorded last year were progressively eliminated.

WHOLESALE PRICES (1970=100)

		Output prices (home sales)	Materials and fuels
1974	4th	164.9	222.1
1975	1st	176.0	220.9
	2nd	186.3	225.6
	3rd	193.4	239.3
	4th	199.1	256.0
1976	1st	206.9	266.1
	2nd	214.4*	291.1*
1975	Oct.	197.0	252.2
	Nov.	198.9	256.7
	Dec.	201.5	259.0
1976	Jan.	204.8	261.0
	Feb.	207.3	263.5
	March	208.6	273.8
	April	211.5†	285.2†
	May	214.8*	290.6*
	June	217.0*	297.6*

* Provisional. † Revised.

No £6 rise for some MPs

BY RICHARD EVANS, LOBBY EDITOR

MPS HAVE been awarded £6 a week salary increase under the terms of the Government's pay policy, but those earning above £8,500 from all sources will not be eligible to claim it.

The Government's decision, announced to the Commons by Mr. Michael Foot, the Leader of the House, raised immediate protests from Tory and Labour MPs, but for differing reasons.

Left-wing Labour backbenchers complained that MPs should not accept *any* rise in present circumstances, having received an increase of £24 a week last June, while many Tories pointed out that a very dangerous precedent had been set by paying MPs different rates for the same job.

The current salary of a backbencher is £5,750 a year and the increase, back-dated to June 13 this year, will bring it up to £6,062 plus various allowances.

Mr. Foot also announced an increase in the secretarial allowance from the present £3,200-a-year so that Westminster secretaries can receive the benefit of the £6 pay rise.

The announcement means that MPs who have earnings from other sources such as television and journalism, the law or business which takes their salary above £8,500 will receive nothing extra for their Parliamentary work, while in borderline cases the £6 will be restricted so that total earnings do not exceed £8,500.

How many MPs are above the earnings limit is unclear, but the number is thought to be substantial. To begin with, the 100 or so members of the Government will not qualify and many other members, especially on the Conservative side, have considerable outside earnings.

A further blow to MPs, whose salaries have fallen further and further behind those of comparable professions in recent years, is that the recommendations of the latest report by the Review Body will not be implemented at present.

Mr. Foot said Lord Boyle had presented the second part of his report on Ministerial salaries and pensions and it would be published shortly. But the Government would take no further action on its recommendations until the pay policy permitted it.

The last increase for MPs in June last year was cut severely by the Government from the £8,000 recommended by the Review Body as the basic Parliamentary salary. But it was decided to base an MP's pension rights on a notional salary of £8,000 and this remains the case under the latest increase.

Parliament Page 14

Commons told Mrs. Bloch is dead

BY DAVID BUCHAN

THE woman missing after the Israeli raid on Entebbe to rescue hostages held by pro-Palestinian terrorists is dead. Mr. Edward Rowlands, a Foreign Office Minister, told a shocked Commons yesterday that this is the conclusion that the Government has drawn. Amid shouts of "shame" and "disgraceful," Mr. Rowlands told the House that there seemed little doubt that Mrs. Dora Bloch, who holds a British passport, was taken from her room at about 9.30 local time on July 4 and "she is no longer alive."

The Minister also expressed the Government's shock and dismay at the execution of the three British mercenaries shot on Saturday in Luanda, despite appeals from the Queen and the Prime Minister. He condemned the way in which the mercenaries were tried and said that the Luanda trial was "not fair in the sense that we would understand the term." Several MPs protested when Mr. Rowlands said the Government would not pay for the bodies of the dead mercenaries to be flown to Britain.

MPs on both sides of the House were clearly frustrated at not being able to get stronger condemnation from the Government—particularly about President Amin's conduct.

Mr. Rowlands made it clear that the overriding concern was for the 500 Britains still left in Uganda. Whitehall *sources said yesterday that* breaking relations with Uganda would be a last resort only.

The British High Commis*sioner in Kampala,* Mr. James Hennessy, arrived back in London yesterday to report to the Foreign Secretary, Mr. Anthony Crosland. Mr. Hennessy will stay for consultations.

The 500-odd Britons in Uganda have been a stumbling block in Britain's repeated clashes from President Amin—first over the expulsion of Asians in 1972, then over the death sentence passed last year on British lecturer Mr. Denis Hills, and now over the death of Mrs. Bloch.

Despite the fact that the remaining British community often has been warned privately by U.K. governments not to stay on, Whitehall still wants to keep a diplomatic channel open to Kampala.

Short of breaking relations, ways of showing British disapproval seem limited. The British mission in Kampala can hardly be reduced further; like the Ugandan mission in London it numbers only six.

EEC direct elections for 1978 agreed

BY GUY DE JONQUIERES AND ROBIN REEVES

BRUSSELS, July 12.

TWO DECISIONS which are likely to have a profound influence on the future shape and political development of the European Community were reached here this evening.

EEC Heads of Government, after several hours of intensive and detailed negotiations, approved in principle a plan which will allow the first direct elections to the European Parliament to be held in 1978.

At the same time, the Nine's permanent Ambassadors to the EEC cleared the way for the start of formal negotiations with Greece towards eventual EEC membership, probably in 1979 or 1980. The negotiations are expected to begin on July 26 or 27.

Satisfied

The formula for direct elections provides for a 410-seat Assembly in which each of the four big EEC countries would have 81 seats. This more than satisfies the U.K. demand for a minimum 76 seats in order to give adequate representation to Scotland, Wales and Northern Ireland.

But as a courtesy to Parliament, Mr. Callaghan, the Prime Minister, told his European counterparts that the U.K. wanted to withhold final approval of the plan until the outcome of this evening's Commons debate on direct elections and *devolution was known.*

Though the formula for distributing the seats does not fully meet the aspirations of several *of the smaller EEC countries,* there was general satisfaction among the Nine this evening that agreement had at last been *reached after months of discus*sion.

The Netherlands will receive 25 seats under the plan, Belgium 24, Denmark 16, Ireland 15 and Luxembourg six. Though the internal distribution of seats in the U.K. is still not known, Scotland could get as many as 10 while Wales might be given five.

In the tough bargaining which dominated this afternoon's session of the summit, Britain is *understood to have stood out for* a final quota of 81 seats to be able to grant Northern Ireland three seats. This should give the *Catholic minority a European* voice.

European enthusiasts hope that direct elections will give a strong new *impetus to the* future development of the Community, after what amounts to several years of stagnation.

Although there are as yet no plans to grant a directly-elected Parliament greater powers, it will inevitably have a much stronger moral authority than the present 198-seat assembly, which is made up of MPs nominated from national parliaments. The conventional wisdom is that once directly elected, the European Parliament will simply seize more power.

The go-ahead for the opening *of Greek entry negotiations* also throws into focus the future constitutional shape of the Community. It sets a precedent for EEC *entry negotiations with* other countries of the Mediterranean region, notably Spain.

Some detailed problems remain to be resolved, among them the question of whether Denmark will be able to participate in the direct election process, at least initially.

For constitutional reasons, the Danes have insisted that the first set of direct elections should coincide with their national elections, and unless this can be arranged, they may be obliged to continue nominating their representatives to the European Parliament.

Another, more practical, problem concerns the siting of the new enlarged Parliament. The *current Parliament of 198 seats* meets both in Strasbourg and Luxembourg, but the building in the latter city is not large *enough to accommodate a 410*-seat assembly.

Before adjourning for a private dinner this evening, the Euro*pean leaders were also expected* to discuss the economic situation in the Community. The Netherlands, which will chair the EEC *council of ministers until* the end of this year, has indicated that it plans to propose closer co-ordination between Governments on *budgetary policy.*

Also due to be raised was the question of the summit backing the proposed nomination of Mr. Roy Jenkins as the next president of the European Commission. Though several EEC Governments favour the idea of such an advance designation, France has expressed reservations of principle.

Fisheries

It was also expected that Luxembourg would tell the summit that it plans to appoint its Socialist Finance Minister, M. Raymond Vouel, to replace its present Commissioner, M. Albert Borschette, who is critically ill. Italy has also announced that it will nominate Sig. Guazzaroni, Economics adviser at the Foreign Ministry, to fill the unexpired term of Sig. Altiero Spinelli, who has resigned.

To-morrow, Mr. Callaghan plans to call on his European colleagues to adopt an EEC Declaration of Intent to move to a 200-mile fishing zone early next year, as well as to negotiate Community fisheries agreements with Iceland and Norway as quickly as possible.

LOMBARD

The non-system 'success story'

BY C. GORDON TETHER

"THERE IS every reason to be pleased with what has been accomplished," said Mr. H. J. Witteveen, managing director of the International Monetary Fund, referring in a recent address to the UN's Social and Economic Council to the "initiatives" that had been taken during the past year to deal with "new situations." Having singled out comprehensive amendment of the Fund's own Articles of Agreement as a particularly good illustration of this "success story," he went on to say that the task before us now was to make every possible effort to ensure that the changes in international monetary arrangements now being put into effect produced maximum benefits for the international community.

The Fund doubtless feels that it has to put the best possible face on its achievements, however it itself evaluates them. Furthermore, in the "everything goes" atmosphere that has characterised the international monetary scene since the collapse of the Bretton Woods system in 1971, even the most modest move towards restoring sanity is so apt to stand out like a sore thumb

Relevant

It is hard, however, to see how anyone who stands back far enough to be able to see the wood for the trees can find cause for great satisfaction in what has recently been accomplished in terms of international monetary reform. The First National Bank of Chicago gets much nearer to reality in its latest monthly bulletin.

Thus, having pointed out that, since August 1971, the world economy has lacked the sound monetary foundation that could provide the basis for restoring the long-run business confidence necessary for large-scale commitments for world-wide investments and specialisation it goes on to say that the proposed changes in the Fund's *modus vivendi* "do not fill this void."

As the bank's assessment stressed, during the five years since Bretton Woods collapsed, the world economy has experienced the most severe recession, the worst inflation and a series of dire events such as the quadrupling of world oil prices as well as serious political, financial and economic uncertainties. Since it is impossible to believe that this is no more than a coincidence, an international monetary reform programme is going to be relevant to the present global crisis only if it provides for a major onslaught on the trends that have brought us to the present pass. That is certainly not true of the "initiatives" Mr. Witteveen was talking about.

On the contrary, they are, broadly speaking, intended to give the IMF's blessing to the permissiveness that has developed during the past few years

In respect of exchange rates, for example, the new arrangements are based on the proposition that, whatever procedures member countries choose to follow, that will be all right with the Fund. Which means that that institution will be able to do no more than stand idly by if the steep devaluations of the £ sterling and the Italian lira lead—as it seems quite conceivable that they will—to exchange rate warfare assuming more serious proportions than it has already.

Ironically, if the new arrangements do contribute at all to the work of creating an international monetary base of the kind needed to ensure that global economic recovery is more than a flash in the pan, it will be as like as not, because they have consequences that are just the reverse of what was intended.

Thus there are good reasons for thinking that the attempt to push gold off the centre of the stage for good by abolishing the official price of the metal and authorising the Fund to start disposing of its stock will open the door—if only very gradually at first—to the strengthening of its monetary role.

One thing that emerged clearly from last month's first auction of IMF metal is that quite a number of central banks are so far unpersuaded that gold is on the point of bowing itself out of the international liquidity business that they actually want to add to their holdings.

It seems highly probable that, as other countries realise that strengthening the gold element is one of the options now open to them in formulating reserves strategy, interest in acquiring the metal for this purpose will become more marked. After all, with every indication that the fall in the purchasing power of currencies is about to start accelerating once again even though many major countries are still in — or all but in — the double-figures range, there is a great deal to be said for preferring gold.

This is just one reason for thinking that, if the new look in international monetary affairs does produce the hoped for benefits for the community, it will be because it has not worked in the way intended

RACING — BY DOMINIC WIGAN

Hide to top half century

EDWARD HIDE, who has not yet given up hope of overhauling Pat Eddery and Willie Carson in the race for the jockeys' championship, looks set to bring his tally for the season past the 50 mark at Beverley to-day.

Hide can achieve his half century in the opening event on this Racegoers Club Concession Day programme, the one and a quarter mile Hornsea Mere Stakes. Here he partners that game course specialist, *Tringa*.

A one and a-half lengths winner from Mother Brown at Warwick in April, Tringa has since run well in two competitive handicaps over to-day's course and distance. On her most recent appearance Steve Nesbitt's Reform mare failed by just three-quarters of a length to hold the year younger and much-improved Walk Around in the Hoveringham Handicap at the last meeting. A reproduction of that form should see this tough mare, who is better suited than most by the prevailing ground conditions, getting the better of another Beverley specialist, Sindab.

Edward Hide's second winner of the afternoon should come 90 minutes later when he partners *Habbershaw* in the Scarborough Spa Selling Stakes. This well-made filly by Tribal Chief out of Joshua's half-sister, Reddish, has begun to find a

BEVERLEY
2.30—Tringa*
3.30—Rose Melody**
4.00—Habbershaw***

KEMPTON
2.15—Be Easy
2.45—Swagman
3.15—Stellenbosch
3.45—Mintage
4.15—Dismasted
4.45—True Prince

LEICESTER
7.35—Tutorial
8.05—Faculty
8.35—Nepotist
9.05—Fire Screen

little form after several moderate efforts, and last time out she put in an encouraging performance when chasing home Sunshun here.

With little to beat, Habbershaw, who runs in preference to his stablemate, Baby Ben, ought to have little difficulty in justifying favouritism.

One race I cannot see going to Hide is the Filey Brig Stakes which seems sure to fall to Harry Thompson Jones's Newmarket challenger, *Rose Melody*, the mount of Frankie Durr.

A remote sixth of 13 behind Berisova at Yarmouth on her racecourse debut, Rose Melody left that form well behind on her second and only subsequent outing, finishing runner-up to Miss Pinkie at Sandown. Her conqueror, one of the best of her sex to run so far this season, gave that form a fine boost with her emphatic success in York's £3,000 Courage Stakes on Saturday.

In addition to Beverley there is afternoon racing at Kempton and also an evening programme at Leicester. One man who takes in both cards is Pat Eddery, who, with 73 winners to his name already this season, is now not far behind his remarkable scoring rate for 1975.

I hope to see the champion jockey land the last event on the Sunbury course, the Poplar Maiden Stakes, with *True Prince* before going on to complete the double on that colt's stable companion, *Nepotist*, among the runners for Leicester's Mountsorrel Stakes (8.35).

SALEROOM — BY ANTONY THORNCROFT

High prices for old atlases

A COMPLETE, 11-volume, first edition of Johannes Blaeu's famous *Atlas Major*, published in Amsterdam around 1665, sold at Sotheby's yesterday for £18,000 (plus the 10 per cent. buyer's premium). The price, which was up to expectations, was paid by a Danish dealer, Lynge.

The work contains 574 maps coloured by a contemporary hand and was the great attraction in a literary and map sale which totalled £95,706 and continues to-day. Another atlas by Blaeu, issued in 1659, without a text but with 503 maps, was bought by the London dealer Hammond for £14,000.

Other noteworthy prices in a successful auction were £4,200 from Edwards for John Speed's *The Theatre of the Empire of Great Britain*, of 1646 and 1650 and with 67 maps; £4,200 for 224 maps produced in Paris in 1666 by G & N Sanson; the same for Moses Pitt's four volume *English* Atlas of 1680-82 and £4,000 from Lynge again for a 1513 translation of Ptolomey printed at Strasbourg.

The glass and paperweight auction went equally well, with a best price of £3,600 for a Bohemian Hochschnitt covered goblet of 1730, and £3,000 paid for a Clichy bouquet paper weight. A St. Louis pompom weight sold for £2,250. Both prices were above estimate since the paperweight market is still reviving.

Sotheby's started its major summer antiquities auction with a total of £84,269. A dealer from Paris paid £8,500 for an African carving, a wooden Fang female reliquary figure which had come to France in the 1920s.

Another French buyer gave £7,000 for a Benin bronze head of an Oba which had once belonged to Hearst while Entwhistle, a London dealer, paid £3,300 for another Benin piece, an aegis, a medallion shaped object which is decorated with a European figure in 16th century costume, suggesting a long history for the item.

Christie's had a quiet day, selling Chinese jade and snuff bottles for £29,853. The most highly prized item, a large mottled pale apple green jade koro with a domed cover, sold below target at £4,000 (plus the buyer's premium) to a Japanese buyer Fugendo.

Most of the other major lots did better. An 18th century spinach green jade incense burner went to the London dealer William Clayton for £1,800. He also acquired a pale celadon jade rectangular Ting for £1,200 and a jade carving of Kuan Win for £1,100.

Meanwhile at Phillips a sale of furniture and works of art totalled £23,249 with Histed paying £820 for a Victorian mahogany library bookcase and a group of 18th and 19th century papal medallions going to Offerman for £820, double the forecast. The auction of oil paintings totalled £18,157.

There is an unusual sale at Sotheby's Belgravia, to-morrow. It includes some of the special effects which magicians used to frighten their susceptible audiences, including a talking skull, rope tricks, a vanishing bird cage—and a body without a head. Along with each trick are details of how it works. Many items come from Davenports, the manufacturers of conjuring tricks and magic props, and date from between 1890 and 1930.

WINE

Little-known delights of the Dordogne

BY EDMUND PENNING-ROWSELL

THE DORDOGNE is well enough known to many British visitors to France, and at this time of year there are probably more there than there were English living there in the 13th-century when the region came under the English crown. It may be doubted, however, that the present-day visitors are as familiar as they might be with the local wines, partly because the centres of tourist attraction are not in the department's main wine-growing part, which is concentrated in its south and south-western corner, along the river valley, and centred on Bergerac.

This fair-sized town, more noted for the almost mythical Cyrano than for its very real wine, lies on the north bank of the Dordogne, whose broad flat valley is enclosed by moderate-sized hills, hereabouts covered by vines. Although Bergerac is about 60 miles to the east of Bordeaux, vinously it lives in the shadow of France's greatest wine city. Ever since the Middle Ages it has had to face competition and discrimination from the Bordeaux merchants, who no doubt were happy to spill a little inexpensive bergerac into their casks, while making sure that the Bordeaux they chiefly sold had priority of sale.

A little cheaper

Even to-day Bergerac wines, especially the reds, are usually a little cheaper than basic bordeaux supérieur, while the grapes grown in the Dordogne are much the same as those planted in the Gironde. When Bordeaux prices crashed in 1973 the Bergerac growers had a particularly thin time, but with the lesser bordeaux wines now enjoying a revival, things are rather better for the Bergeracois.

The extent of the Dordogne *vignoble* nowadays is only 26,000 ha., compared with 100,000 ha. before the phylloxera in the last century; and it is about one-quarter the size of the Gironde vineyard area. Only 12,000 ha. of the Bergerac wines are devoted to *appellation contrôlée* wines, which are grown on the hillsides, with the valley floor in part given over to ordinary table wines. Total production of AC wines averages 300,000 to 400,000 hl. from about 2,600 growers. Before the First World War there was an even balance between red and white wine production. Then it swung over to white, but to-day the trend is very much in the other direction. Last year 85,000 hl. of simple AC bergerac was red, 55,000 hl. white; but Côtes de Bergerac is still overwhelmingly white: in 1975 the AC output was 79,000 hl. of white compared with 14,000 hl. of red. As usual the Côtes wines are more esteemed, and must have a minimum strength of 11 per cent., one more than for ordinary AC bergerac.

Modestly priced

The most widely known wine of the region is, however, Monbazillac, sometimes rather unfairly described as "the poor man's sauternes;" if so, not a poverty of which one need complain. If lacking quite the "breed" of sauternes it is made from the same grapes, Semillon, Sauvignon and Muscadelle, has the same *pourriture noble* that results in the luscious flavour, and is modestly priced: a delicious wine with dessert. A considerable proportion is made by the Bergerac cooperative which owns the splendid turreted 16th century Ch. de Monbazillac that looks north over the smiling river valley and which deserves a visit; and it has a restaurant too where the regional specialities of Périgord may be sampled.

Although Monbazillac is the richest of the white bergeracs, it is by no means the only sweet one. Just to the west of this small district, which produces about 75,000 hl a year, lies the Côtes de Saussignac, accounted one of the best Bergerac areas and including several considerable private estates, among them Ch. La Salagre; and nearby is Ch. de Panisseau, which has been marketed in Britain. Both red and white wines are made here, but the latter predominates. Then right on the boundary with the Gironde is the district of Montravel, whose co-operative also takes in grapes from across the departmental frontier and makes red and white bordeaux as well as Montravel. Such are the complications of the AC system that while Côte de Montravel and Haut Montravel are sweet, though not luscious, wines, a wine labelled simply Montravel is dry.

A semi-sweet rarity in these parts is Rosette, an AC wine now produced in very small quantities on the northern slopes of the Dordogne valley, looking down on the town of Bergerac, which threatens to engulf it, with villas taking the place of vineyards. Only 600 hl of Rosette were made last year, a pleasant light wine, not always sweet these days.

Yet the most successful of the white bergeracs to-day are those made from the Sauvignon grape. For they are fresh, and have the "cut" of wines from this grape (as markedly exemplified in Sancerre). Served chilled they are very attractive summer-drinking wine. Sometimes they are labelled as Bergerac Sec, and they should be drunk within two years of the vintage, or they lose their freshness.

Just to the east of the Rosette vineyards is the best red bergerac district: Pécharmant. For ease of cultivation the vines nowadays are widely spaced and high, and the sloping vineyards look across the river valley to Monbazillac. Pécharmant is a fruitier, more flavoury red wine than the ordinary red bergerac, which in style closely resembles a bordeaux. All indeed are made from the same grape varieties, notably Merlot, followed by Cabernets Sauvignon and Franc and a little Malbec. Only about 30 growers now produce 3,000 hl. of Pécharmant each year from a mere 100 ha. One of the best comes from Ch. de Tiregand, owned by a member of the St. Exupéry family. These are not great wines, but neither are they expensive, and I found the big-coloured '71 Pécharmant still not ready to drink. Both '70 and '71 were fine years in the Dordogne, but for whites the '71 was superior.

Co-operatives

Not surprisingly in an area of relatively low-priced wines the co-operatives are influential. There are ten of them, and they produce about one-third of the total white wine of the area, and nearly half the red wine. Most of them are members of a union which bottles and markets their wines, under the label Unidor.

Most of the better Dordogne wines are likely to be found in the region, for the export trade is largely confined to very low-priced white and some red wines, and, of course, some Monbazillac. Although Bergerac itself is not a very striking town, it contains a fine Maison du Vin, installed in an old monastic cloister, and here the local wines may be sampled. The river valley is unfailingly attractive, particularly as it approaches the Gironde department.

TV/Radio

† Indicates programme in black and white

BBC 1

7.05-7.55 a.m. Open University (UHF only). 10.53 Cricket: Third Test: England v. The West Indies. 1.30 p.m. Andy Pandy. 1.45 News. 2.10 Cricket: Third Test: England v. The West Indies. 4.15 Interval. 4.23 Regional News (except London). 4.25 Play School. 4.50 Animal Magic. 5.15 Lippy Lion and his friends Touché Turtle and Wally Gator. 5.40 Barbapapa. 5.45 News.

6.00 Nationwide (London only).
6.20 The Fishing Race.
6.45 Sportstown.
7.20 The Undersea World of Jacques Cousteau.
8.10 Sutherland's Law.
9.00 News.
9.25 The Royal International Horse Show.
10.45 Milk Run To Berlin.
11.35 Weather/Regional News.

All Regions as BBC-1 except at the following times:—

Wales—5.15-5.40 p.m. Heddiw. 6.00-6.30 Wales To-day. 11.35 News and Weather for Wales.

Scotland—9.40 a.m. Dastardly and Muttley (cartoon). 9.50 Jackanory. 10.05 Devlin. 10.30 Roobarb. 10.35-10.55 Boy and Horse. 6.00-6.20 p.m. Reporting Scotland. 11.35 News Summary and Weather for Scotland.

Northern Ireland — 4.23-4.25 p.m. Northern Ireland News. 6.00-6.20 Scene Around Six. 11.35 News Headlines and Weather for Northern Ireland.

England—6.00-6.20 p.m. Look North (from Leeds, Manchester, Newcastle); Midlands To-day (from Birmingham); Look East (from Norwich); Points West (from Bristol); South To-day (from Southampton); Spotlight South-West (from Plymouth).

BBC 2

6.40 a.m. Open University.
11.00 Play School.
4.30 p.m. Cricket: Third Test: England v. The West Indies.
6.15 Open University.
7.30 News On 2.
7.40 Rembrandt.
8.10 The Golden Trashery of Ogden Nashery.
†9.00 Tuesday Cinema: "Dodsworth," starring Walter Huston.
10.35 Cricket: Third Test (highlights).
11.05 Newsnight.
11.20-11.25 Closedown: Hugh Burden read "My many-coated man" by Laurie Lee.

LONDON

†9.45 a.m. Bertrand Russell Speaks His Mind. 10.00 Water Wise. 10.25 Cricket in the Middle. 10.50 Meet Betty Boop. †11.00 The Saint. 11.50 Larry The Lamb. 12.00 Paperplay. 12.10 p.m. Hickory House. 12.30 Home and School. 1.00 First Report: News, FT index. 1.20 Lunch-time To-day. 1.30 Marked Personal. 2.00 Good Afternoon. 2.30 Cool Million. 4.15 Cartoons. 4.25 The Swiss Family Robinson. 4.50 Going A Bundle. 5.20 Harriet.
5.50 News From ITN.
6.00 To-day.
6.35 Crossroads.
7.00 Husband of the Year '76.
7.30 Man About The House.
8.00 Hunter's Walk.
9.00 Destination America.
10.00 News.
10.30 Command Performance: Bonanza.
11.30 Oscar Peterson Presents ... Cleo Laine and John Dankworth.
12.00 Special Branch.

All ITV Regions as London except at the following times:—

ANGLIA

10.30 a.m. Betty Boop Cartoons. 10.40 Here Comes the Future. 11.05 Play with a Purpose. 11.30 Learning Something Practical. 1.25 p.m. Anglia News. 2.00 Houseparty. 2.30 Gold is where You Find It, Maybe. 3.30 The Great Yorkshire Show. 6.00 About Anglia. 11.30 Angling Today. 12.00 Anthology.

ATV MIDLANDS

10.30 a.m. Hammy Hamster's Discovery. 11.15 The Tom Foolery Show. 11.35 Inner Space. 1.20 p.m. ATV Newsdesk. 2.30 Documentary (Where Harry Stood). 3.25 Strange Report. 5.20 Spiderman. 6.00 ATV Today. 11.30 Angling Today.

BORDER

11.05 a.m. Play with a Purpose. 11.30 Learn Something Practical. †1.20 p.m. Border News. 2.00 Houseparty. 2.30 The Time Machine 3.30 The Great Yorkshire Show. 5.20 The Lone Ranger. 6.00 Border News and Lookaround. †12.00 Border News Summary.

CHANNEL

1.20 p.m. Channel Lunchtime News and What's On Where. 2.30 Documentary: The Case Against Dogs. 3.25 Riptide. 6.00 Report at Six. 7.00 A Little Bit of Wisdom. 11.25 Visages de France.

GRAMPIAN

11.05 a.m. Play with a Purpose. 11.30 Learning Something Practical. 1.20 p.m. Grampian News Headlines. 2.30 Department S 6.00 Grampian News. 6.10 The Flintstones. 11.35 The Big Break. 12.00 Evening Prayers.

GRANADA

10.50 a.m. Sesame Street. †11.30 Chess Masterpieces. 1.20 p.m. This is Your Right. 2.30 Tuesday Matinee: "The Astronaut," starring Jackie Cooper. 3.50 Focus on Wildlife. †5.15 Stamp Stories. 5.20 Crossroads. 6.00 Granada Reports. 6.30 House for the Future. 11.30 Ryan. 12.25 a.m. Thank You and Goodnight.

HTV

11.05 a.m. Play with a Purpose. 11.30 Learning Something Practical. 12.00 Baldmoney, Sneezewort, Dodder and Cloudberry. 1.20 p.m. Report West Headlines. 1.25 Report Wales Headlines. 2.00 Houseparty. †2.30 Danger Man. 3.30 The Great Yorkshire Show. †5.20 Chuckleheads. 5.25 Crossroads. 6.01 Report West. 6.15 Report Wales. 6.30 The Protectors. 11.30 Music at Harewood.

HTV Cymru/Wales—As HTV General Service except—1.20 p.m. Penawdau Newyddion Y Dydd. 1.25 Report Wales Headlines. 4.25-4.50 Fyny Fan'na. 6.01-6.15 Y Dydd. 10.30 Y Gwrthwynebwr. 11.30-11.50 World in Action.

HTV West—As HTV General Service except:—1.20-1.30 p.m. Report West Headlines. 6.01-6.30 Report West.

SCOTTISH

11.05 a.m. Play with a Purpose. 11.30 Making Things Fit. 1.25 p.m. Road and Weather Report. 2.00 Houseparty. 2.30 Department S. 3.30 The Great Yorkshire Show. 4.25 Follow That Dog. 5.20 Kim. 5.25 Crossroads. 6.00 Watch this Space. 6.30 Weir's Way. 11.30 Late Call. 11.35 The Big Break.

SOUTHERN

10.30 a.m. Hammy Hamster's Adventures on the Riverbank. 10.40 Untamed World. 11.05 Play with a Purpose. 11.30 Learning Something Practical. 1.20 p.m. Southern News. 2.00 Houseparty. 2.30 Jason King. 3.30 The Great Yorkshire Show. 4.25 Follow That Dog. 5.20 Sinbad Junior. 5.25 Crossroads. 6.00 Day By Day. 6.30 Tell Me Another. 11.30 Southern News Extra. 11.40 The Shadows Are Cool and Full of Comfort. 11.45 Farm Progress.

TYNE TEES

11.00 a.m. Starting Point. 11.05 Play With a Purpose. 11.30 Learning Something Practical. 1.20 p.m. North East News and Lookaround. 2.30 Department S. 3.30 The Great Yorkshire Show. 5.20 Elephant Boy. 6.00 Today At Six. 11.30 A House For the Future. 12.05 Epilogue.

ULSTER

11.05 a.m. Play With a Purpose. 11.30 Making Things Fit. 1.20 p.m. Ulster News Headlines followed by Lunchtime. 2.00 Houseparty. 2.30 The Baron. 3.30 Great Yorkshire Show. 4.23 Ulster News Headlines. 6.00 UTV News. 6.05 Musical Masquerades. 11.30 Angling Today.

WESTWARD

10.35 a.m. Breaktime. 11.05 Play with a Purpose. 11.30 Learning Something Practical. 12.25 p.m. Gus Honeybun's Birthdays. 1.20 Westward News Headlines. 2.30 Documentary "The Case Against Dogs". 3.25 Riptide. 6.00 Westward Diary. 7.00 A Little Bit of Wisdom. 11.25 Westward Late News. 11.30 Faith For Life.

YORKSHIRE

11.00 a.m. Hammy Hamster's Adventures on the Riverbank. 11.10 Untamed World. 11.35 Skippy. 1.20 p.m. Calendar News. 2.30 "Last Rites". 3.30 The Great Yorkshire Show. 5.20 Fantastic Voyage. 6.00 Calendar (Emley Moor and Belmont editions). 11.30 Night Gallery.

RADIO 1 — 247m

(S) Stereophonic broadcast

6.00 a.m. As Radio 2. 7.00 Noel Edmonds. 9.00 Tony Blackburn. 12.00 Paul Burnett including this week's new Top 20 discs, and 12.30 p.m. Newsbeat. 2.02 David Hamilton (S) (also on VHF). 4.30 It's D.L.T. OK! 5.45 Newsbeat. 6.2 Sam Costa (S) (joins Radio 2). 11.00 John Peel (S) (also on VHF). 12.00-12.05 a.m. As Radio 2.

RADIO 2 — 1,500m and VHF

6.00 a.m. News Summary. 6.02 Colin Berry (S) including 6.15 Pause for Thought. 7.02 Terry Wogan (S) including 8.27 Racing Bulletin 8.45 Pause for Thought. 9.02-11.30 Pete Murray's Open House (S) including 10.30 Waggoners' Walk. 11.30 Jimmy Young (S) 1.50 p.m. Sports Desk including lunchtime cricket scoreboard. 1.55 Good Listening (VHF). 2.02 David Hamilton (S) as Radio 1, but including on 1500m only (also 202m Scotland). 2.45 and 3.45 Sports Desk 4.30 Waggoners' Walk. 4.45 Sports Desk. 4.50 Sam Costa (S) including 5.45 Sports Desk 6.45 Sports Desk 7.02 Three in a row. 7.30 Sports Desk 7.33 Robin Richmond "The Organist Entertains (S). 8.02 Ian Carmichael's Music Night (S). 9.02 Among Your Souvenirs (S). 10.02 Sports Desk. 10.07 The American Showmen (S). 11.02 Michael Meech with The Late Show (1500m only, also 202m Scotland. VHF joins Radio 1). 12.00-12.05 a.m. News.

RADIO 3 — 464m, Stereo & VHF

† Medium Wave only

†6.55 a.m. Weather. 7.00 News. 7.05 Overture (S). 8.00 News. 8.05 Morning Concert (S). 9.00 News. 9.05 This Week's Composer Schoenberg (S). 9.50 Academy of the BBC (S). 10.55 Cricket: Third Test: England v The West Indies 1.35 p.m. News. 1.40 The Arts Worldwide. 2.00 Cricket: Third Test. England v. The West Indies. 2.00-2.10 Lunchtime Scoreboard. 2.10-4.20; 4.30-5.45 including tea-time summary †5.45-6.30 Cricket: Third Test †6.30 Lifelines: Work and Training. 7.30 Royal Liverpool Philharmonic Orchestra, part 1: Haydn, Bach (S). 8.20 Queen Mary—Sometimes: in World War II. 8.35 Concert part 2 Tchaikovsky (S). 9.15 Drama Now (S). 10.00 The Art of Charles Kullman on records. 10.30 Organ Recital (S). 11.25-11.30 News.

RADIO 3 VHF only—6.00-7.00 a.m and 5.45-7.30 p.m. Open University.

RADIO 4 — 434m, 330m, 285m and VHF

6.20 a.m. News. 6.22 Farming Today. 6.40 Prayer For the Day. 6.45 Today. 7.00 News and more of Today including 7.25 VHF Regional News 7.45 Thought for the Day. 8.00 News and more of Today including 8.25 VHF Regional News. 8.45 Yesterday in Parliament. 9.00 News. 9.05 Tuesday Call! 10.00 News. 10.05 From Our Own Correspondent. 10.30 Daily Service. 10.45 Morning Story 11.00 News. 11.05 Down Your Way visits Stoke Mandeville Hospital. 11.45 Richard Stilgoe with the BBC Sound Archives. 12.00 News. 12.02 p.m. You and Yours. 12.27 Dad's Army. †12.55 Weather and programme news VHF (except London and SE) Regional News. 1.00 The World At One. 1.30 The Archers. 1.45 Woman's Hour including 2.00-2.02 News. 2.45 Listen with Mother. 3.00 News. 3.05 Les Misérables. 4.00 News 4.05 Gardeners' Question Time. 4.35 Story Time. 5.00 PM Reports. †5.50 Financial Report. VHF Regional News. 5.55 Weather; programme news. 6.00 News. 6.15 The Men From the Ministry. 6.45 The Archers. 7.00 News. 7.05 The World in Focus. 7.30 Royal Liverpool Philharmonic Orchestra part 1 (as Radio 3) (S). 8.20 Queen Mary—Sometimes (as Radio 3). 8.35 Concert part 2 (as Radio 3) (S). 9.15 The Strongest Influence in My Life: Reflections by John Ebdon. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.45 A Book at Bedtime. 11.00 The Financial World Tonight. 11.15 Today in Parliament. 11.30 News.

BBC Radio London — 206m and 94.9 VHF

6.00 a.m. As Radio 2. 6.30 Susie Barnes with Rush Hour. 9.00 Richard Vaughan with London Live. 11.03 Jenny Thompson and Diana Rice with In Town. 12.03 p.m. David Simmons' Call In including 12.45 London News Desk. 2.03 Paul Owens with 206 Showcase. 4.03 Matter of Fact. 4.32 Tony Fish with Home Run including 5.00 and 6.00 London News Desk. 7.00 Jenny Thompson and Diana Rice (as 11.03 a.m.). 8.00 Weekly Echo. 8.30 All That Jazz. 10.03 Robbie Vincent's Late Night London. 12.00-12.05 a.m. As Radio 2.

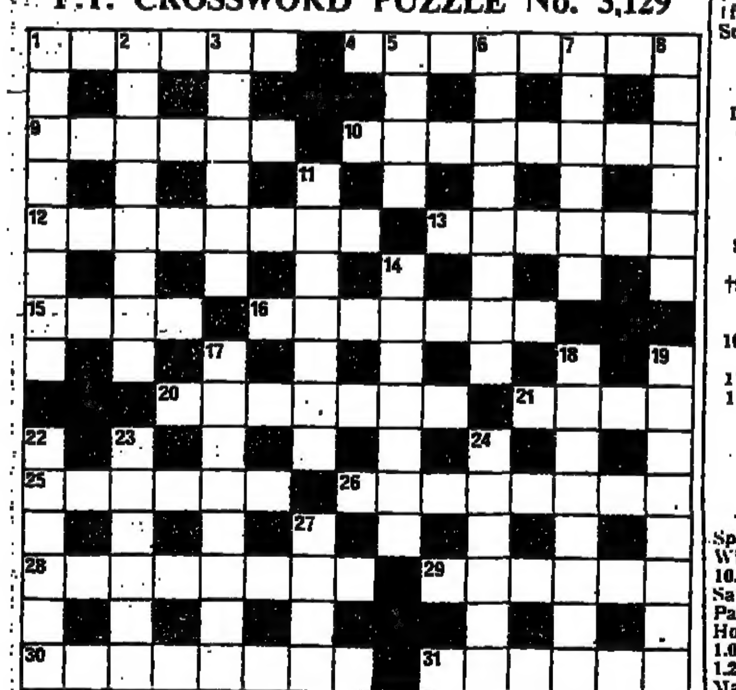
London Broadcasting — 261m and 97.3 VHF

5.00 a.m. Morning Music. 6.00 "AM"—Breakfast-time Show. 10.00 Brian Hayes—talking to London. 1.00 p.m. Newswatch. 3.00 Newsbreak. 7.30 Music in Stereo. 9.00 Nightline. 1.00-5.00 a.m. "Nightwatch"—news every half-hour through the night.

Capital Radio — 194m and 95.8 VHF

6.00 Graham Dene: The Breakfast Show. 9.00 Michael Aspel. 12.00 Dave Cash: Cash on Delivery. 3.00 p.m. Roger Scott 7.00 Tane Walmsley and Bryan Wolfe London To-day. 7.30 Bryan Wolfe Open Line. 9.00 Nicky Horne: Your Mother Wouldn't Like It. 11.00 Tommy Vance: The Late Show. 2.00-6.00 a.m. Night Flight.

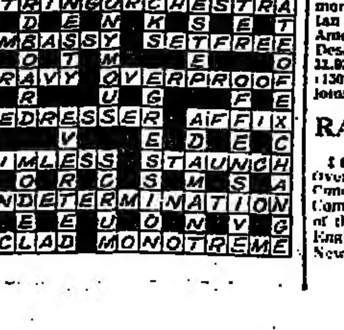
F.T. CROSSWORD PUZZLE No. 3,129



ACROSS
1 Objects to a bird among the doctors (6)
4 "There are more things —— and earth, Horatio" (Hamlet) (2, 6)
9 One youngster appears in my old form of address (6)
10 The tribe of coachmen (8)
12 Chants in one sharp for the bad boys (4, 4)
13 Sensual direction in a groove (6)
15 A doctor's Bible reading (4)
16 Stupefied by poetic inspiration in the plot (7)
20 Hounds placed in the low part (7)
21 Cake with rum associations (4)
25 A biscuit is standard with relatives (6)
26 Tax or fraud (8)
28 Order to stop may confuse the tailor (3, 2, 3)
29 Italian district found in memorial to Shakespeare (6)
30 In the conclusion the City is constant (8)
31 A pyramid builder? He can be found among the police (6)

DOWN
1 Conqueror's work on the land (8)
2 He won the race and Atalanta (8)
3 Artist with a pretty girl in the plant (6)
5 Retreat is all right with a number (4)
6 Proceeds from a mean set (8)
7 American state unable to be free (6)
8 The monument to cause annoyance (6)
11 Concentrated in time (7)
14 Habits unpopular with travellers abroad (7)
17 Support on the stairs is needed in one slimming (8)
18 Virgil gets round to count the tower (8)
19 The Irishman's about to cause a disturbance for the loyalists (8)
22 Indian finds dad in pain (6)
23 Irritated like cheese at times (6)
24 National refinement (6)
27 "He that tastes woman —— meets" (Gay) (4)

SOLUTION TO PUZZLE No. 3,128



ldbourne Galleries/ Somerville & Simpson Ltd.

English drawings

by WILLIAM PACKER

Ruskin Spear: 'Drying the Stockings'

awing is the most accessible iedia, ever able to engage our interest and imagina- at once exploratory and usive, and capable of ng before us work that is , in authority and achieve- to the greatest painting. which remains, through its nature, neither over bear- or out of scale. Amongst its tions is the insight it is the viewer into the diate pre-occupations and tions of the artist, that so y carries with it the sug- n of a privileged intimacy the creative process, a on most encouraging to the himself (who must like gnificance of everything he to be recognised), and ying to the amateur. A conspiracy of apprecia- s soon set up.

h things stimulate us no it seems, and for reasons igh and low, touching both nerve of privacy in our al psyche, that impels us rch out polite, modest and g accomplishment, and s to celebrate effort made s own sake; and also the atic nerve. Drawing is so nient, so portable and so ntly collectable: and even , moreover, and still an tant consideration, it is y so much cheaper than ing else that comes to us ly from the artist's hand. w of drawings, therefore, reat more often than not, a tial source of great aes- pleasure on the one hand, he greatest bargain on the

this time of year especially, are always intriguing and able anthologies to be in the galleries, not ex- stuffed with master-pieces, empting enough in their way. The Fieldbourne ies in St. John's Wood lise in English figurative ng of the twentieth y, and have made some- of a corner for themselves work of some of the more us members of the Royal my, amongst them several have been heavily engaged ching at the Royal College he Academy Schools for years. One of the great ths of English art educa- tion until quite recently, and there are signs of its resurgence, was the insistent emphasis placed upon draughtsmanship as a strict academic discipline. The virtues of that regimen are naturally discernible in the work of those who first suffered and then imposed it: control, economy, clarity, understanding, discrimination. And it is curious to see how strong are the drawings of artists whose paintings remain unresolved and disappointing, if not actually mediocre.

A good mixture, consisting of studies and working drawings, is on show until the end of July, including notably Sickertian contributions by Ruskin Spear, studies of London streets, and of figures indoors, and by Bernard Dunstan, whose intimate domestic studies and his most characteristic work. And there are excellent and energetic landscape studies by Olwyn Bowey and Colin Hayes. In the gallery downstairs are paintings by Spear, Dunstan, Carel Weight and the late Lord Methuen, which though interesting individually, are collectively more passive and duller than the drawings above.

Across London, in Savile Row, Somerville and Simpson are showing English drawings of much earlier vintages, a mélange of the work of two centuries, from Alexander Cozens, born at the turn of the eighteenth, to Hercules Brabazon Brabazon, who out-lived the nineteenth. Some great names are represented, and if not by major pieces, in most cases at least by serious and characteristic examples: they include Cotman, John and Cornelius Varley, Rowlandson, de Wint, Whistler, Stothard and John Ward. But they have no monopoly of interest, for much of the minor work is full of quality and charm, in particular a water-colour by Robert Hills of a Farmyard in Winter that is the prototype of every self-respecting Christmas Card, and two fine studies of parkland by Heneage Finch, Earl of Aylesford. There are also a good if modest study of a lady's head by Albert Moore, and a fine Spanish street scene by J. F. Lewis. Both these Victorian artists have long been considered hardly more than peripheral nonentities, and both deserve the better critical treatment that at last they appear to be receiving.

This small and most enjoyable exhibition remains on show, too, until the end of July. The gallery itself is comparatively new a venture, but evidently a most welcome addition to the London round.

Cheltenham Festival

Bliss and Musgrave

by PAUL GRIFFITHS

Cheltenham's survey of the music of Sir Arthur Bliss, late president of the Festival, continued on Saturday with a programme representing "The American Bliss." All the works were associated with his two periods of residence in the U.S., in 1923-25 and 1939-41; most of them were written there. The earlier period came shortly after his years of daring experiment, represented earlier in the festival in a "Revolutionary Bliss" programme. It was not a time of very remarkable achievement. Bliss seems to have retained his awareness of Stravinsky and the new wave in Paris, but his attempts to assimilate adventure into the comfortable English tradition could not result in anything but unfortunate compromise.

This is what happened in the Oboe Quintet of 1926, written for the irrepressible patroness Mrs. Elizabeth Sprague Coolidge, and originally entitled "Music for Oboe and Four Strings." Two approximately pastoral movements are rounded off by an ebullient Irish jig finale, which emulates Stravinsky and Bartok in rhythmic vitality but not in harmonic acerbity or keenness of design. For all the care of the Melos Ensemble with Peter Graeme in what almost amounts to a solo part for the oboe, the piece made a limp impression.

More certain in aim are the piano works Bliss wrote in the previous year, the Toccata and the Two Interludes. The Toccata barely distinguishes itself from the many neo-classical pieces written under that title; it might be a lesser work of Poulenc, except that it has some English rhythmic imprints and that its form is rather rambling for a piece in perpetual motion. The Interludes, however, do have an individual feel, partly because few musicians would have chosen to cast a glance back to Debussy when composing in a solid keyboard style. Rhondda Gillespie was a pianist with enough weight to give all the pieces their due, and enough sense of movement to keep them from seeming ponderous.

The Women of Yueh, Bliss's first American work, was sung by John Shirley-Quirk, with John Constable playing from the vocal score of what was intended as a song cycle with small orchestra. Since strings, woodwinds and percussion were here compressed into the range of the piano, however brilliantly played, it is hard to be sure that the work would appear so colourless in its full version. Bliss wisely eschewed easy Orientalism in these settings of Chinese lyrics, but his alternative has little character. Nor is there anything in the work to indicate that it was written in the New York of Varèse, Copland and Gershwin.

By the time of his second visit to America, Bliss was writing much stronger music, and this concert took a lift in the second half with good performances of the First String Quartet (Melos Ensemble) and the Seven American Poems (Shirley-Quirk and Constable). Both were written in California at the home of the composer's parents-in-law; both are imbued with the troubled feelings of a man torn between remaining with his family and returning to his country at war. Bliss wrote of the American poems that "each carries the burden of a vanished joy or beauty" but the expression is more varied and more combative than this might suggest. And by comparison with the Oboe Quintet the B Flat Quartet is a work of grand emotional power and structural expertise.

Given his preference for music of clear, direct expression, Bliss might well have applauded Thea Musgrave's *Orfeo II*, introduced at a concert by the Academy of St. Martin-in-the-Fields. The piece exists in two versions, one for flute and tape, and this for flute and 15 strings. It is another instance of what Musgrave has termed "dramatic-abstract form," but here the drama is not so very abstract; the work is virtually a miniature instrumental opera, with the flute taking the part of Orpheus, a solo violin playing Euridice in reminiscences of Gluck, and the rest of the ensemble providing backdrop and comment. The story is unfolded in six continuous "scenes," the flute being "on stage" throughout for arias of lament, pleading and despair.

Wisps of Gluck are subtly introduced for the voice of Euridice: in Musgrave's scenarios she is only a memory for Orpheus, and so it is appropriate that she should speak in memories. The handling of the string ensemble, too, is elegant and effective, controlled but capable of evoking the darkness of Dis or the fury of the Bacchantes. I was reminded of Stravinsky's re-telling of a classical legend for string orchestra, *Apollo*, and like that work *Orfeo II* is conceived as a possible ballet score for a single male dancer.

On this occasion, however, James Galway did all that was necessary to present Orpheus's hopeless passions.

Spoleto

The Festival of Two Worlds

by WILLIAM WEAVER

The Festival of Two Worlds opened, as usual, with an opera in the Teatro Nuovo. This year's choice was Chaikovsky's *Pique-dame* (given in an old, bad Italian translation), and—on paper—it promised well: Filippo Sanjust, designer and producer; Magda Olivero, the Countess; a prize-winning young conductor—Guido Ajmone-Marsan—making his Spoleto debut. In the end, the results were a disappointment. The blame lay largely with the musical forces, and with Marsan to begin with. Chaikovsky's operas are notoriously difficult, with their wealth of nuance, their rich emotional ebb and flow. It is easy to err on the side of exaggeration, to over-dramatise, over-sentimentalise; Marsan erred in the opposite direction. His reading was dry, monotonous; the great themes came and went, unaccented, almost unfelt. Even Magda Olivero, whose Countess ought to have been shattering, was unable to leave a strong impression. And the rest of the cast was inadequate. Patricia Craig is a sweet soprano, but she is not up to demands of the role of Lisa. And the tenor Jack Trussel was way off the mark as Herman. The smaller roles—usually a strong point in Spoleto—were dimly sung. The young orchestra played well, and the Westminster Choir (regularly present at Spoleto these past few years) was a tower of strength, with its sensitive musicality and its ability to act.

Sanjust's sets were mostly handsome, though apparently cumbersome to change (the intervals were long); and the costumes were beautiful. His staging exploited the mobility of the chorus and worked well in the more crowded scenes. With the principals, his invention was less in evidence (and surely the Countess should have been more doddery; Madame Olivero hardly looked like someone to be frightened to death by a mere interloper, armed or not).

The Spoleto Festival, however, is unpredictable. If one offering is a failure, another is unexpectedly a triumph. This was the case of Britten's *The Rape of Lucretia*, which was run up at the last moment (the first printed programme of the festival, in fact, did not include it). In the charming Teatro Caio Melisso, Sanjust designed an intelligent backdrop (exploiting extant scenery that has been in the theatre since the 19th century), Rhoda Levine worked out a smooth, effective production, and the young, largely-American cast sang movingly, while David Agler conducted the small, virtuoso orchestra with obvious, profound knowledge of the score.

Sandra Walker and Sheila Barnes in 'The Rape of Lucretia'

The cast was such an excellent team that I am reluctant to single out any of its members, but mention must be made of the noble Lucretia of Sandra Walker and the admirable clarity of Kathryn Bouleyn and Melvin Brown, the female and male chorus.

Also in the Caio Melisso there was another operatic evening, a double-bill featuring something called *Paolino la giusta causa e una buona ragione* (Paolino the just cause and a good reason) by Alberto Bruni Tedeschi and *Der Kaiser von Atlantis* by Viktor Ullmann. Bruni Tedeschi is a rich amateur, who was responsible both for the text and the music of his dreary, pretentious piece (essentially a spoken monologue with plodding accompaniment). Apparently he made a sizeable contribution to the Festival. Rumours vary as to the amount, but whatever it was, it was not enough.

Viktor Ullmann died in Auschwitz in 1944 at the age of 46. A pupil of Schönberg, he had enjoyed some success before his internment by the Nazis. In the Theresienstadt camp, where he was first confined, he wrote—with the painter-poet Peter Kien—the little allegorical opera *Der Kaiser von Atlantis*. Performance was forbidden in the camp, and the work was thought lost. Recently rediscovered, it had its premiere at the Netherlands National Opera last December, and it was this production that was brought to Spoleto. The work is engaging, touching (apart from all external, historical considerations), wry; the idiom is that of Kurt Weill, skilfully handled. The imported cast was excellent (especially Tom Haenen as Death and Adriaan van Limpt as Pierrot); Rhoda Levine's staging was masterly in its simplicity and tact; and elements of the Spoleto orchestra played brilliantly for the intense conductor Kerry Woodward. A memorable occasion.

This production was, of course, not Spoleto's only importation. The Stuttgart Ballet, a festival favourite, presented two programmes. There were dancers from Trinidad, the Zulu *Macbeth*. But Spoleto also exports: the Baraque Théâtrale et Musicale company of Paris created in Spoleto a remarkable staging of Diderot's *Le neveu de Rameau*, which will later be taken to France. For this production, Emilio Carcano created a convincing 18th-century café inside the vast space of the de-consecrated church of San Nicolò (scene of earlier productions by Luca Ronconi). The audience sat around at the various tables and heard—or overhead—the long (one hour 45 minutes) enthralling debate between "Moi" (Diderot) and "Lui" (the younger Rameau), adapted and magnificently produced by Jean-Marie Simon: a production of genius. The bravura performance of Philippe Clevenot as "Lui" was spellbinding, displaying an interpretative range rarely seen in the theatre nowadays; the subtle, sober "Moi" of Jean-Marc Bory, however, was also perfect, the ideal, worthy foil.

No report from Spoleto is complete without some mention of the chamber music concerts. To the noon hour series, devised with seemingly endless resource by Charles Wadsworth, an afternoon series—largely Italian and directed by Giorgio Vidusso—has now been added and is equally popular. The performances are almost always on a high level, and some—like the Saint-Saens *Fantaisie* for violin harp, magically played by Homao Fujiwara and Osian Ellis—must be ranked among the happiest experiences of this festival.

abeth Hall

Menuhin School

by MAX LOPPERT

Yehudi Menuhin School to South Bank on Sunday hat seemed to be its end- m concert, complete with vorks, tiny performers, a y of solos, and an opening bution from the founder, soloist in a Vivaldi con- for three violins. It might rily be thought somewhat to hire the Elizabeth Hall ich purposes; but this is y, on Sunday's showing, dinary school; not just in wealth of distinguished rs, but in its ability to and concentrate excep- talent. In the final work evening, Elgar's Introduc- nd Allegro, the strings of chool Orchestra made an shingly good sound—full, us, never beefy but also thin, and with a fluency gar's wonderful but exact- ugato writing that rode ctor Peter Norris's much- t tempo splendidly. (We ly heard one-and-a-half per- nces of Elgar's, the first brought to a halt by the ed string of the solo t viola—which must have ited for the even keener of the repeat.)

e is an apparently inten- encouragement of the pupils to move freely and between violin and viola. demonstrated to admira- the manner in which the t of violins (Krystyna wicz, Ming-Feng Hsin, Twigg and Ralph de Souza) in Justin Connolly's *Cellidh*, became immediately thereafter the quartet of violins and two violas for the Dvorak String Quintet. The Connolly piece, commissioned for the school's American visit, is a definite success—tough, colourful music, unpatronising and accessible, stretching each player against the other, taking as its final movement a Dance of Bartokian materials vividly used. Another deft instrumental change was effected by Paul Wright, a violist in the orchestra, who delivered Sarasate's violin *Habañera* with exuberance (he must now test his virtuoso skills in something meatier — Elliott Carter's recent Duo?). No space to mention all the participants; but there must be a final word for Edward Barnwell and Kenneth Bradshaw, surely the smallest piano-duettists ever on this stage, delectable in Fauré and Mussorgsky.

ICA Summer Festival

In the first week of the Institute of Contemporary Arts' Summer Festival at Nash House, Juan Vera's *Twelve Shifts of Gear* plays until Saturday, July 17. Juan Vera is a Chilean playwright living here in exile, and the play concerns his former life working in Chile with a peasant theatre group. The performance will be given by Recreation Ground, formerly a lunchtime company.

Leonard Burt

da Jackson in 'The White Devil' which opened last night at the Old Vic

Cheltenham Festival

Shostakovich and Beethoven

by PAUL GRIFFITHS

One of the triumphs of this year's Cheltenham Festival, which ended last Sunday, was surely the complete cycle of Shostakovich's 15 string quartets given by the Fitzwilliam. These young players had developed a warm relationship with the composer in his last years, and it was to them that he entrusted the British premieres of his final three quartets. Alan George, the Fitzwilliam viola player, writes about Shostakovich in the Cheltenham programme book in terms of unusual reverence, terms which might be embarrassing were they not so obviously sincere; and the quartet's devotion to Shostakovich and his music is almost certainly responsible for the high quality of their performances. Shostakovich's quartets are deeply personal expressions, and they demand, particularly the late ones, performers who can dedicate themselves wholeheartedly to expounding the music's emotion. This the Fitzwilliam can do, without sentimentality and with supreme technical accomplishment.

They sensibly decided not to play the quartets in chronological order; the final recital consisting just of the last three works, all bleak meditations on death, might have been more than the spirit can stand. However, these ultimate farewells did all appear in the last two programmes, along with a selection from the 1950s and 1960s, Nos. 6, 7, 9 and 11. The Ninth, a comparatively high-spirited piece, must have a special significance for the Fitzwilliam just now, for they recently played it to its dedicatee, the composer's widow; certainly they performed it with exceptional panache. I suspect, however, that the Thirteenth has an inviolable place in their affections: it was this work that they played before the composer at their only meeting, on the occasion of the first British performance. This time they proved alive to every nuance of feeling in the score, and able to sustain high tension through a single span which moves for the most part slowly and sparely. The problems of unrelieved gloom are still more acute in the Fifteenth Quartet, a set of six linked adagio movements, yet here again the Fitzwilliam were ample to the challenge, if a shade less profoundly involved than in the Thirteenth. In introducing the last recital Christopher Rowland, the quartet's first violinist, said how they had been enriched by the experience of playing all 15 quartets in public. So, I imagine, were those who attended the complete cycle; so will be those who hear the Fitzwilliam's Shostakovich records, two of which are so far available.

A more concise compendium of a composer's work in one genre was offered by Brendel on Saturday when he played three variation sets by Beethoven, Op. 34, the Eroica and the Diabelli. Though characteristically clear and exact, even in this booming town hall, Brendel played with a virile, physical impetus. There was no attempt to mask Beethoven's ugliness, so that the reiterated B flats of the 13th Eroica variation, for example, were shockingly emphatic. In the Diabelli set this approach led to a stout underlining of march rhythms, the more dance-like episodes were relatively lightly spun, though the stranger variations which burst such bounds of character were in no way diminished. Brendel seemed to have decided to rely for continuity on an unerring sense of pace, and on the all-including powers of Beethoven's fugues. In these he could show that precise formal exposition is not incompatible with a style which takes note of Beethovenian force and energy.

On the Festival's final day the Aulos Ensemble made a contribution to Cheltenham's cautious introduction of American music. Their choice fell on Copland's Sextet for clarinet, piano and strings, an attractive example of his neo-classical Americana, and Gunther Schuller's Duo for clarinet and bass clarinet. Schuller is best known as an authority on jazz and ragtime, and as a composer who has sought to find a "third stream" between jazz and Western art music. This Duo, however, has nothing very jazzy about it, showing rather Schuller's American academic background. In a very odd programme these U.S. items were followed by Alexander Goehr's Shadowplay, the middle work in his music-theatre triptych and a telling of Plato's story of the cave: the composer himself conducted. There was then a further shift to the charm of old-word Vienna, with Schoenberg's Serenade aptly introduced by his arrangement of the Emperor Waltz.

New musical director for Glyndebourne Touring Opera

Nicholas Braithwaite has been appointed to succeed Kenneth Montgomery as musical director of Glyndebourne Touring Opera with effect from the 1977 tour for an initial period of three years.

Mr. Braithwaite, who is 36, was a member of the music staff at Glyndebourne in 1970 and conducted *Die Zauberflöte* for GTO in 1971. His appointment as permanent guest conductor of the Norwegian State Radio Orchestra has also just been announced.

Other developments for GTO are that Diego Masson, musical director of the Marseille Opera, will make his British opera debut conducting *Le nozze di Figaro* for this autumn's tour, and that the company will make its first full-scale overseas visit in February 1977 when they will give four performances of *The Rake's Progress* at the Théâtre d'Angers (France).

'The White Devil'

As from to-night, *The White Devil* at the Old Vic will be performed at 7.30 p.m. and not 8 p.m. as previously stated.

EUROPEAN NEWS

Renewed efforts for arms co-operation

By Malcolm Rutherford

IN A FURTHER effort to promote co-operation in the European armaments industry, the Assembly of Western European Union (WEU) will hold a two-day symposium in Paris next March. It is hoped that defence ministers of the member countries will attend, as well as national armaments directors, representatives of the defence industries and of the relevant trade unions.

According to WEU sources this will be the first gathering of its kind and that there will be no duplication with the work of the recently formed European Programme Group (EPG).

The EPG combines the ten members of the Nato Eurogroup and France and is discussing longer-term questions of European defence procurement. The WEU exercise will be aimed more at examining the problems raised by industrial co-operation in the defence sector.

There is also some satisfaction, however, that the French Government has given its blessing to the WEU plan. The symposium will take place in the French National Assembly on March 3-4.

Similar WEU symposia on the future of the European aeronautical industry were held in 1973 and again earlier this year. The aim is for the WEU Assembly to use what comes out of the meetings to produce recommendations to Ministers.

WEU groups all the members of the EEC except Ireland and Denmark. It was founded by the Brussels Treaty in 1948 and expanded to include Italy and West Germany in 1954. Its most recent functions have been consultative in the political and defence fields.

Michael Van Os writes from Amsterdam: Fokker, The Dutch ARM of the West German-Dutch VFW-Fokker aerospace company, said to-day it would sign in The Hague to-morrow the agreement with General Dynamics Corporation of the U.S. to assemble in Holland the 156 F-16 fighter aircraft ordered by the air forces of Holland and Norway. It is likely that the Dutch company will also assemble F-16 aircraft for other countries and that part of the work would be carried out in West Germany.

Details of the contract are expected to be disclosed to-morrow.

According to the latest reports, a total of 1,000 F-16 aircraft may be built, with the majority, about 650, going to the U.S.

Italy's ruling party split on choice of next premier

BY DOMINICK J. COYLE

ROME, July 12.

ITALY'S long-ruling Christian Democrats appeared divided to-night on the man to nominate to President Giovanni Leone as the country's next Prime Minister. One compromise formula was to name two men — the outgoing Prime Minister, Sig. Aldo Moro, and former Premier, Sig. Giulio Andreotti.

This would leave the choice directly with the President, which is of course his constitutional right in any event, and the nomination of two senior Christian Democrat politicians might avoid an open conflict within the Party.

However, CD Party Secretary, Sig. Benigno Zaccagnini, insisted after a meeting of the Party leadership to-day that the discussions had been "most serene and most constructive." He defended his refusal to disclose publicly the Party's choice for the premiership on the basis that to do so would be discourteous to the President who (at that time) had yet to be informed.

President Leone himself spent the day in consultations with former presidents and prime ministers and with the Presidents of both Houses of Parliament, and later started his round of talks with party leaders, including the Communists. He is expected to name a prime minister-designate either late to-morrow evening or by Wednesday morning at the latest.

The Socialist (PSI), Italy's third largest party after the Christian Democrats and the Communists, met here to-day when the Party's Central Committee reviewed the results of last month's general election in which the PSI failed to make its expected advance, and actually lost considerable ground from the earlier regional poll.

Socialist leaders must now decide their attitude to the new Government, and on this the Party is badly divided. One element would consider entering another centre-left administration with the CD, but Party Secretary, Sig. Francesco de Martino, campaigned in the election on the basis that the centre-left formula was "dead."

De Martino claims to want a direct role in Government for the Communists, something in fact of a grand coalition of all democratic forces behind an emergency national programme for economic recovery. The Communists have a similar objective, but the CD leadership while not adverse to discussions on a legislative programme, are firmly against Communist participation directly in the Government on a number of specific economic and social measures.

Irish Government offers deal

BY OUR OWN CORRESPONDENT

DUBLIN, July 12.

THE IRISH Government has thrown its weight firmly behind the recent proposals from Irish employers to achieve some kind of national pay norm this year.

The Minister for Labour, Mr. Michael O'Leary, told senior trade union officers to-day that the Government would pay its own employees increases of between £3 and £5 a week provided the unions entered into discussions with employers and Government on an economic and social strategy for the next two years.

This is in fact the same proposal as that made by the Irish Employers Federation after the trade unions narrowly rejected the draft national wage agreement at their recent conference.

The Government took things one stage further by saying the increases should cover the next five months. The time limit was one of the points on which the unions have sought clarification.

The Irish Congress of Trade Unions will now consider the proposal but it is thought that the public service unions, who are most directly involved, would be in favour.

Much still needs to be agreed about the format of the overall discussions about policy for 1977-78. It is now clear that the system of national wage bargaining, which used to be regarded with some satisfaction, is no longer suitable to deal with the country's grave economic problems.

In this context, the economic plan promised yesterday by the Minister for Finance, Mr. Ryan, will be vital but the unions are likely to seek a more comprehensive plan than the Government has in mind.

Meanwhile, the bank strike continues despite the appointment of an independent assessor to look into the contentious deal between the banks and their officials. There seems no chance of a settlement before the assessor, Mr. Michael Cosgrave, has made his report.

Details of the long-awaited economic plan to chart the way out of the country's serious difficulties will be published within the next few weeks as a Green Paper, according to the Minister for Finance.

Speaking in a radio interview, the Minister said the plan would assume a much lower rate of inflation than the present 18 per cent.

Czech attack on 'pluralism'

BY PAUL LENDVAI

VIENNA, July 12.

THE CZECHOSLOVAK Communist newspaper Rude Pravo fired to-day what appear to be opening shots in a co-ordinated campaign to defend Soviet primacy in the international Communist movement. In an article the newspaper defended the term "proletarian internationalism" and sharply condemned the principle of political pluralism which was claimed to be a concept of anti-Communist strategy. Most East European papers failed to reprint those portions of the speeches held at the East Berlin Communist conference by the Spanish, Italian and French Communist leaders which proclaimed the dedication of these parties to pluralism and freedom.

Rude Pravo also stressed that the importance of national independence should not be over-emphasised by the Communist parties to the detriment of the international obligations. The paper also emphasised that the Marxist-Leninist concept combines the independence of the Communist parties with the unity of the international Communist movement.

Franc hit by further selling pressure

By Our Own Correspondent

PARIS, July 12.

THE FRENCH franc came under further pressure to-day on the Paris foreign exchange market, falling a further centime against the U.S. dollar to Frs.4.78 by this evening despite Bank of France support estimated at up to \$40m.

The Central Bank is now estimated to have spent over \$100m. since the currency began to weaken last Thursday, following forecasts of higher inflation in France this year and a growing awareness of the damage the drought is likely to cause agricultural exports.

So far there is no question of any run on the franc—merely of steady commercial selling. However the tactics adopted by the authorities have led dealers to believe that they are prepared to see a further decline in days, or weeks to come.

The Bank is apparently not defending any particular rate for long and seems ready to allow the franc to drop back gently. To what level is the question on everybody's mind, with Frs.4.85 a common guess, although some suggestions are that Frs.5.00 per dollar might not be unreasonable in the longer term.

In any case the downward movement against both dollar and D-Mark is seen by economists here as an overdue adjustment after the franc's forced exit from the European currency "snake" last March. Since then it has held up remarkably well, thanks in large part to substantial foreign borrowing by French corporations encouraged by the Finance Ministry.

The decline also coincides with numerous reports of competition problems for French companies in export markets. It is assumed that the foreign trade deficit, which reached Frs.3.1bn. (£360m.) in the first five months of 1976 will continue at a high level for the remainder of the year as the fod component of exports inevitably is cut back.

Wrecked rig to be scrapped

By Fay Gjester

OSLO, July 12.

THE DRILLING rig "Deep Sea Driller," wrecked on Norway's coast last March, is not to be repaired. Since its salvage, at the end of April, the rig's Norwegian owners and its insurers, including Lloyd's of London, have been considering repair job tenders from various yards.

THE FRENCH PRESS

Newspapers in crisis

BY RUPERT CORNWELL IN PARIS

PARIS TO-DAY offers few sorrier spectacles than its Press. "Newspapers must be considered the guardians of freedom, against the encroachments of money and ideology," said President Giscard d'Estaing last week in a well-worn speech. Unconvincing at the best of times, the words could hardly have had a more hollow ring, coming as they did just 48 hours after the sale of the capital's biggest selling daily, France-Soir, in circumstances baffling even by the shadowy standards of the Press industry here.

The background to the deal is one of deepening financial crisis and of increasing political sensitivity. Why, it is asked, is anyone prepared to pay £5m. for an evening paper which will lose almost that amount in 1975 and 1976 alone, without some guidance from the powers-that-be? The theory becomes even more plausible when it is remembered that the Government is less than two years away from elections that it might very well lose to the Left.

The facts, however, are relatively simple. Like most of the Paris Press, France-Soir has been unable to halt the desertion of newspaper by the public for television and the aggressive and money-making private radio stations. The week-ends, moreover, offer three glossy and slick news magazines.

Tumbled

The paper's circulation has tumbled from over 1m. at its height to barely 600,000 to-day, a period during which costs and overheads have soared. Its owner, the giant Hachette publishing group, had long been seeking a way out, and earlier this year the company bluntly warned that the paper would either be sold or shut down.

Then last week, a providential buyer turned up, only to raise more questions than he answered. M. Paul Winkler's personal reputation is above reproach, but he is 78 years old, and already linked to Hachette through its Edi-Monde publishing subsidiary which he runs—hardly, it would seem, the disinterested outsider with a long-term solution for France-Soir.

It is, of course, true that the erstwhile tycoons of the French Press are hardly in their first flush of youth: M. Jean Prouvost, who last year sold the morning paper Le Figaro, and a month ago disposed of the troubled Paris-Match picture magazine, is 91, while M. Marcel Boussac of textiles fame and still proprietor of the right-wing daily L'Aurope is 87.

These fears, indeed, are all the greater in that the France-Soir sale comes exactly a year after another transaction with a strong political odour—the £8m. deal that gave Le Figaro to M. Robert Hersant, proprietor of a chain of regional papers and a centrist MP supporting the ruling coalition of President Giscard d'Estaing.

The same questions were asked: where did M. Hersant find the money? Who was behind him financially? How far was the Government involved? To make matters worse, Mr. Hersant's war record was ambiguous, a factor particularly unpalatable to a profession that takes great pride in being the direct descendant of the resistance movement.

Since that time, however, the situation of the French Press has changed dramatically, and uniformly for the worse. The truth is that the Frenchman is not one of nature's newspaper readers: to-day 52m. people buy fewer papers than did 39m. in 1945, and the number of dailies in Paris has shrunk from 61 to less than a dozen. But the basic economic facts that have caused problems in almost every national newspaper industry—soaring newsprint costs, falling advertising in the recession, debilitating overheads and wage costs, overmanning, antiquated production techniques and so on—do not tell the whole story.

It is fair to say that the French Press is not worthy of a country that in virtually every other field has made impressive strides in the past 30 years, to stand second economically in Europe, second only to West Germany. Newspapers here have failed to move with the times. Their layout is frequently reminiscent of the 1950s, and their owners have mostly been of the wrong generation to respond to the needs of a population growing steadily younger and better educated.

Paris-Match alone, perhaps, has an excuse. As the death of Life magazine in the U.S. showed, there is little room in a world of live TV coverage of the most lurid atrocities and spectacular ceremonies for a weekly picture magazine, however polished.

If anyone can save it, it is probably its new owner the dynamic M. Daniel Filipacchi, once himself a Paris-Match photographer, but who now runs a stable of glossies including the men's magazine Lui and the teenagers' Salut Les Copains.

For the rest (or most of them), it is the old truth of too much comment and too few facts. "Opinion is sacred but facts are free," someone nastily remarked of the French Press. It was a formula that worked marvellously when Governments were tumbling every few months under the Fourth Republic, but one ill-suited to the stable climate of the Fifth.

Only Le Monde seems to have grasped the shift in the public mood towards quality, and it alone of the Paris dailies is making money and watching its circulation steadily climb.

The other central problem for the Paris industry is the existence of a strong regional press, that makes the idea of real national newspapers largely theoretical. The early Paris edition, for example, looks a weak product in a country newsagents beside an up-to-the-minute provincial daily, packed with local news for a readership strongly attached to its region.

For the time being it is massive Government aid that keeps the ship afloat. Last year M. Andre Rossi, the Minister responsible for the Press, estimated this help, direct and indirect, at Frs.1.4bn. (£150m.), a sum equivalent to 15 per cent. of total 1975 turnover.

Suspicious

Even this, though, is not an unmixed blessing: if the Government has so far interfered far less with the Press than with TV, its assistance helps the rich to do disproportionately well, while allowing the inefficient to keep going without mending their ways. It also makes the Press feel still more uncomfortable—knowing that the money is vital, yet increasingly suspicious of a *quid pro quo* in the form of greater official meddling.

However, these darkest hours of debts, intrigue and despondency, might just precede a new dawn for the industry. The most heartening development for years was the signature last week of a three-year protocol agreement between Paris newspaper publishers and the Communist-dominated printing unions on new modern technology, which in France, as in Britain, is indispensable for survival.

Separate deals still have to be worked out by each newspaper and its staff, but the fact that both sides welcomed the pact is proof that at least they are aware of the mortal dangers they face.

Meanwhile, the unloved M. Hersant, who at 56 seems likely to stay a key force in the industry, hopes this autumn to push through another important innovation—the regional facsimile printing of Le Figaro, which could vastly increase the paper's appeal outside Paris. All of which suggests that there is room for viable newspapere in France.

OVERSEAS NEWS

General strike hits Australia

By Kenneth Randall

CANBERRA, July 12.

ESTIMATES of the effectiveness of to-day's first general strike in Australia have varied but the Government acknowledged to-night that about half the total workforce had stayed away from their jobs.

"Undoubtedly, more would have reported for work but for restrictions on power for industry and lack of public transport in the major cities," said the Minister for Employment and Industrial Relations, Mr. Tony Street.

Manufacturing, heavy industry, transport and mining were hardest hit by the strike which was almost totally effective in major industrial cities like Newcastle, Wollongong and Port Kembla. Sydney and Melbourne also were severely affected although most commercial and retail premises remained open.

Government offices throughout Australia seemed to be little affected by the strike at administrative level but at industrial level transport and post and telegraph services were severely curtailed.

Mr. Robert Hawke, President of the Australian Council of Trade Unions, which called the strike, said to-night that it had been "very effective," especially in Sydney and Melbourne, which he claimed were "virtually at a standstill."

On the Government's proposed changes to Medibank, the National Health Insurance Scheme, Mr. Hawke said the strike was only the beginning of a campaign of opposition.

Little hope in Lebanon for Arab League peace bid

BY IHSAN HIJAZI

BEIRUT, July 12.

VERY LITTLE hope is attached here to the Arab League Council meeting in Cairo to-day on the Lebanese crisis. Leaders on the Lebanese right-wing side and among the Palestinians have predicted continued fighting if each party is to achieve its objectives.

Arab Foreign Ministers met in emergency session to make yet another attempt to end the Lebanese civil war. The Palestinians at the same time reject an ultimatum they said they received from Syria.

Mr. Ribhi Awad, Cairo representative of the al-Fatah group, largest faction in the Palestine Liberation Organization, said the Syrian ultimatum threatened that unless the PLO accepted certain conditions, Syrian troops in Lebanon would "march on Beirut and Sidon to impose the conditions by force."

Mr. Camille Chamoun, the Minister of the Interior and head of the leading right-wing faction, has said that there can be no ceasefire before Palestinian armed men move out of the embattled Tel Al-Zaatar camp in the outskirts of Beirut, the nearby Moslem quarter of Al Nabaah and in the mountainside.

Mr. Karim Pakradouni, a member of the politbureau of the Phalangist Party, the largest Christian politico-military organisation, insisted in a Press article to-day that the Tel Al-Zaatar camp must be relocated if the Lebanese civil war is to end.

Dr. George Habash, the leader of the militant Popular Front for the Libreation of Palestine (PFLP), predicted in the same publication that another year of struggle will give the guerilla movement the upper hand against the 15,000 Syrian troops now stationed in Lebanon.

Dr. Habash conceded the Syrian military intervention here has tipped the scales against the Palestinian-Left alliance. He said it would be difficult for the combined Palestinian and Left-wing forces under the circumstances to score victories both against the Syrian forces and the Right. "That is why," he said, "I do not think we need to opt for major military confrontations. Instead, we should concentrate on a different line of resistance against the Syrian intervention. We need to harass it and exhaust it, until we are ready for greater military confrontation."

Shelled

Since early to-day, Beirut resounded to the sound of artillery fire as Palestinian and Left-wing forces shelled Right-wing concentrations trying to make yet another bid to capture Tel Al-Zaatar. Right-wing military communiques claimed they have liquidated all resistance in the area and that they had the camp well under control. The Palestinians said, however, they have repulsed the 52nd attack on the camp since the Right-wing offensive began about 20 days ago.

Palestinians and left-wingers remain hard pressed in the north and the east of the country. The right-wing radio station said right-wing forces in the past 24 hours captured more villages in the north and were now knocking on the doors of the Moslem port of Tripoli.

Despite repeated Syrian denials of involvement in the fighting, the Palestinians said Syrian troops and tanks have laid siege to Ballbeck, the town in the Bekka Valley.

Palestinian forces and their Lebanese allies have succeeded in heading off Syrian attacks against Palestinian camps in that area, according to joint Palestinian-left-wing communiques.

Meanwhile, top Sunni Moslem leaders closed their ranks to-day in a conference which called on the Arab League to fulfil its initiative in Lebanon urgently, including the withdrawal of Syrian troops from this country. Premier Rashid Karami, a number of ex-Prime Ministers and Members of Parliament attended the meeting. Observers see in the call for withdrawal of Syrian troops special significance because Damascus has been saying it sent its forces into Lebanon at the request of the Moslem community.

India sees record rise in reserves

By K. K. Sharma

NEW DELHI, July 12.

INDIA'S foreign exchange reserves soared by an impressive Rs.2bn. (£125m.) in June, a record for a single month, which has further increased the pace at which the reserves have been rising for several months.

The increase was so rapid that the Reserve Bank decided to invest another Rs.1.8bn. in foreign securities so that interest could be earned.

After purchase of the foreign securities, the reserves stood at Rs.12.3bn. at the end of June, while the value of foreign securities increased to Rs.5.5bn.

The rise in the reserves is mainly due to increased remittances from Indians living in Britain and other countries, following effective closure of illegal channels over the past year. This has led to a sharp rise in earnings from invisibles which have been more than sufficient to cover the trade deficit of Rs10.8bn. in 1975-76.

Because of this dramatic change in India's reserves position, the Government has adopted a relatively liberal import policy, aimed at increasing imports of capital goods and raw materials to boost industrial production. This position is expected to improve substantially because India's export performance has been remarkably good (rising by 15 per cent. in the last financial year), while imports of food and fertilisers have dropped sharply.

Official figures for March and April show a trade surplus in the two months.

Hence both on account of trade and invisibles earnings, foreign exchange reserves are rising rapidly.

U.S. aircraft at Nairobi as Kenya-Uganda relations worsen

BY JOHN WORRALL

NAIROBI, July 12.

CLAIMS and counterclaims of troops massing on their respective borders were made to-day by Kenya and Uganda as the relations between the two countries were fast deteriorating.

A report in to-day's Kenya Press that Uganda's army was massing on the Kenya border was dismissed by President Amin through his Uganda Radio spokesman as "malicious fabrications." On the contrary, said the Uganda Radio, Kenya's troops were on the move on the eastern side of the border poised to attack Uganda. Local authorities on the border said they had not seen any sign of troops.

Meanwhile, a high-powered delegation has returned to Kampala from Somalia with a promise from President Siad Barre of "full support and solidarity." Both Uganda and Somalia are claiming areas of Kenya territory.

The U.S., it is learned, is very concerned about the situation in Kenya which has recently come under its protective wing. It was confirmed to-day that a U.S. photo-reconnaissance plane has been sent to Kenya. It landed at Embakasi Airport, Nairobi, last Saturday, the day of the Israeli rescue raid on Entebbe Airport.

It is also confirmed that a U.S. frigate, USS Beary, arrived this week-end in the port of Mombasa. The Kenyans are soon to be supplied with a squadron of U.S. combat aircraft to replace the old British Hawker Hunters now in use.

The object of the reconnaissance aircraft is apparently to patrol the Kenya-Uganda and the Somalia-Kenya borders but this has not been confirmed by the Kenya defence authorities.

The Uganda military spokesman said to-day that the Uganda Government was making use of the "proper diplomatic channels" to report on the "provocative situation existing on the eastern side of our border." Representations had also been made to President Kenyatta.

A 50-year-old Catholic nun, Helen Namirembe, of the St. Francis Mission, Kampala, walked into Kenya to-day from Uganda with horrific stories of Uganda killings. She said she was the aunt of the former Ugandan Chief Justice Kiwanuka. "The Ugandan Government has since the Israeli raid systematically killed most of the officials who were on duty at Entebbe Airport that night," she said. "My brother Awanda, who was one of the radar officials, was murdered." She said the Ugandan troops were carrying out brutal tortures.

Sister Namirembe said many of the sisters at her mission had fled. It is reported that house-to-house searches are going on in Kampala for Kenyans, many of whom have been shot. To-day Kenyan students at the University of Makerere, Kampala, were warned not to go back. The Kenya Government has offered them allowances to live at the University of Nairobi. About 300 students are involved.

Reuter adds from Nairobi: There were weekend press reports here of several hundred Kenyans fleeing Uganda to escape killings, but an official on the border was quoted to-day as saying only 20 families had crossed into Kenya as a result of the raids. Traffic was crossing in both directions as usual and there was no panic.

Jordan doubts on missiles

BY RICHARD JOHNS

JORDAN'S purchase of a Soviet missile system is by no means a foregone conclusion and is even considered unlikely by diplomatic observers despite King Hussein's assertion in an interview published yesterday that he had received an "attractive offer."

Talking to Newsweek magazine the Hashemite Monarch acknowledged that the Soviet agreement to supply a system was on a cash-on-delivery basis. Asked who would pay for it, he said: "That's precisely our problem and what we are looking at now."

Last week King Hussein visited Saudi Arabia in an attempt to obtain the finance. It is considered extremely unlikely however, that the Kingdom would be prepared to provide the hard currency required by Moscow.

The Kingdom was to have undertaken the bill for 14 Hawk missile batteries and complementary Vulcan anti-aircraft guns, costing \$550m. without spares and supporting installations. But it was unwilling to meet the final price offered—after cost escalation—of \$793m.

Jordan may have hoped for some assistance from Libya with which has recently re-established diplomatic relations. Yet the harsh payment terms exacted by the Russians under the arms deal concluded early in the summer of 1975 has been a significant factor in what has amounted to a liquidity crisis for Libya this summer and it is believed that Colonel Khedaffi would be unwilling or unable to foot the bill for Russian missiles.

It appears from the Newsweek interview that King Hussein is still hoping to exact terms from the U.S. acceptable to Saudi Arabia. Asked about an American counter-offer in the range of \$350m., King Hussein replied, "We will consider any offer and make our final decision strictly on its merits and on the basis of our ability to finance the deal."

ON OTHER PAGES

Vorster-Smith rumours denied

BY STEWART DALBY

JOHANNESBURG, July 12.

OFFICIALS CLOSE to Mr. John Vorster, the South African Prime Minister to-day vigorously denied that a meeting between Mr. Vorster and Mr. Ian Smith the Rhodesian Prime Minister is imminent in South Africa.

The denial came after widespread speculation over the weekend that Mr Smith would fly down to Pretoria, South Africa's administrative capital either yesterday or to-day. The meeting would have been the first since Mr. Vorster's talks with Dr. Henry Kissinger, the U.S. Secretary of State in West Germany earlier this month.

It has been thought that Mr. Ian Smith is keen to learn what went on at the Kissinger-Vorster meeting and in particular, to discover whether there is any truth in the persistent rumours that the U.S. Secretary of State and the South African Prime Minister touched on plans for guarantees for whites in Rhodesia.

Officials insisted to-day however that not only were there no plans for Mr. Vorster to meet Mr. Smith within the next couple of days but that there were no scheduled meetings between the two Premiers at all. They also denied any knowledge of a secret agreement between the U.S. and South Africa over the question of Rhodesia.

Mr. Vorster who has been on holiday in the Kruger National Park, was to-day reported as continuing his holiday with farming friends in the Northern Transvaal.

Graham Hatton writes: Pretoria has decided to completely electrify Soweto, the black Johannesburg township. The project, estimated to cost between R45m. and R55m., could be completed within five years. The decision is a reversal of the austere reticulation programme proposed in past years and comes on hard on the heels of the Government's about-face over the language issue.

Mr Manie Mulder, head of the all-White West Rand Bantu Affairs Administration Board, the body that runs Soweto, said to-day: "I am convinced we can do it within five to seven years."

Political observers have said that television in the townships could be a useful propaganda tool in the hands of the Government, which plans a R100m. television service aimed at potential African viewers. Such a service would hardly make sense without electricity in the townships.

South African troops not in Angola

BY STEWART DALBY

JOHANNESBURG, July 12.

SOUTH African defence force spokesman to-day strongly denied charges from Zambia and Angola that South African troops have violated their borders.

Col Kobus Bosman, a defence force official this afternoon "completely denied" a claim last night by a Zambian presidential aide that South African troops operating in the Caprivi Strip in Namibia (South West Africa) had shelled the Zambian hamlet of Sialola near the border.

Earlier, Brig. Cyrus Smith, the director of public relations for the *South African Defence Force* said there was "absolutely no truth" in the allegations of persistent violations by South African troops of the border with Angola.

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AMERICAN NEWS

Taiwan might be banned 'so Games can go on'

BY OUR OWN CORRESPONDENT MONTREAL, June 12.

THE International Olympic Committee (IOC), after almost five days of non-stop talks, said it would recommend to the Council meeting later this week that Taiwan be excluded from the games "so that the games can go on." In Washington U.S., President Ford deplored the decision and called for a reversal of the ruling.

Mr. Lawrence Ping, chief of the Republic of China (Taiwan) delegation, said, "The IOC president (Lord Killanin) has announced we have lost the battle. He completely gave in to terms laid down by the Canadian Government. He is going to recommend to the Council session we do not take part. We shall stay at the games despite this loss of all Olympic ideals." But he added, the delegation would not take part.

Politics therefore appear to have won another victory over sport to-day and especially over the 80-year-old Olympic movement.

After discussing the problem all week-end, including 11 hours of talks with Ottawa officials on Saturday, the IOC's nine-man executive committee recommended that the Taiwan team should not be allowed to compete under the name, flag and anthem of the Republic of China.

The committee suggested that the team marched behind a flag bearing the five Olympic rings, but Taiwan refused.

"This is an extremely unfortunate day in Olympic history and I'm sorry it had to happen at the beginning of the Montreal Games," said Lord Killanin. "We have intervened at the highest levels but there has been no progress," he said.

Canada recognises the People's Republic of China as the sole Government of China. Taiwanese must have visas to enter Canada, and Ottawa has been insisting on this practice even for those carrying Olympic identity cards which are usually sufficient.

"The whole world is absolutely fed up with politicians interfering with sport," said Lord Killanin. "But we had no other choice. If we withdrew our sponsorship of the Games we would lose complete control forever."

The issue is by no means finished. The executive committee's recommendation now goes to the full 75-member committee which meets on Tuesday.

The U.S. representative has already threatened to pull out his team and the Canadian Government's stand has met with hostile reactions from many sources including its own Olympic officials.

Mr. Philip Krumm, president of the U.S. Olympic Association, said his organisation would take "a cold and calculating look" at whether their athletes should take part in the Games following the IOC decision.

"There are many possibilities," he said. "I think the door is not completely closed and a way might still be found for the Taiwanese to compete. We are going to appeal to the Canadian Government to reconsider their ridiculous position."

Sources said a U.S. pull-out could be serious not only for the Games, which start on Saturday, but for the IOC itself. A U.S. departure could influence broadcast coverage by the American Broadcasting Corporation.

Mr. Harold Wright, the Canadian Olympic representative, said "this is the blackest day in Canada's history. We have allowed a country that is not even a member of the Olympic movement to come over here to manipulate our policy. Personally I think mainland China should belong to the IOC but not at the expense of someone else."

Mr. Philip Skrabec, of Canada's Foreign Affairs department, said "We are not out to shaft anybody. We would like the Taiwanese to come, but not as the supposed representatives of 800m. people."

Lord Killanin has been at pains to emphasise "sport over politics" on numerous occasions. He pointed out last week that if the IOC took the line of the UN, the 1972 Games would not have been held in West Germany.

If Canada's political position had been clear at the time, Los Angeles or Moscow may have been chosen to host the 1976 Games. But Canada's one-China policy was adopted only in 1972.

TV row over White House state dinner

By David Bell

WASHINGTON, July 12.

THE QUEEN left for Montreal last night leaving behind her a bitter row inside the White House about the coverage of the state dinner held in her honour last week.

Mr. Ron Nessen, the President's Press Secretary, admitted yesterday that he was so angry about the way the dinner was covered that he has effectively sacked Mr. Robert Mead, the President's television adviser, for failing properly to co-operate with the Public Broadcasting Service (PBS) which was televising the affair.

The state dinner gave PBS one of its largest audiences with a 25 per cent. share of the national audience on average throughout the four hours of the broadcast. For public television, the poor relation of the three commercial networks, this was an almost unheard of figure.

But the delight of their executives has been considerably marred by the fact that the broadcast itself was an electronic disaster. Rain knocked out many of the cameras which was in itself bad enough. Worse, according to PBS staff, the White House scarcely co-operated "and even prevented technicians from moving from one place to another.

The name of the game is prime television time, writes Jurek Martin from New York

The Democrats convene

THE DEMOCRATS CONVENE FOUR YEARS ago in Miami Beach, the Democratic Party debated its policies for the general election for 11 hours until five o'clock in the morning. The official platform itself was dissected and served up for dinner and breakfast: 20 minority reports were endlessly debated, all subjects dear to the liberal hearts. The process was indeed open, but it was without doubt completely chaotic.

This week in Madison Square Garden is light years away from the steamy emotions of Miami Beach. So keen is the party to regain the White House that it has decided not to saddle itself with the advocacy of issues that might be considered too red a cut of meat for the American electorate.

Controversy, in fact, is virtually non-existent. Only one minority report on the party platform—calling for the repeal of the Hatch Act which prevents federal employees from engaging in partisan political activity—seemed likely to be discussed separately. But the odds are now in favour of even this matter being settled amicably off the convention floor.

The platform itself is largely drawn up at the behest of Mr. Jimmy Carter. It is divided into six sections—the economy (with commitments to full employment, that is, 3 per cent. adult unemployment by 1980, price stability and balanced growth); government reform and business accountability (including a pledge to enforce vigorously the anti-trust laws, but not to break up the major oil companies); government and human needs; states, counties and cities; natural resources and environmental quality; and international relations.

Mr. Jimmy Carter: engineering a proper send-off.

The policies are all those with which Democrats of all stripes can live. Testament to this is the choice of speakers who will address the convention on various aspects of the programme. For example, Mr. George Wallace, the Governor of Alabama, will discuss the reform of government. Mayor Daly of Chicago; aid to the cities, and Patricia Roberts Harris, the first Black woman ever to serve as an American ambassador overseas, foreign policy.

Unlike 1972, when there were countless roll-call votes on any number of issues, the platform is likely to be adopted without dissension and probably without recourse to anything other than a voice vote of acclamation to-morrow night.

The other issue in the margin of the convention, which in the absence of any other hard news beyond the selection of a running mate for Mr. Carter may command some attention, is the attempt by feminists to change the rules governing the next convention four years from now.

The feminist lobby is seeking to compel the party to adopt the principle that in 1980 half the convention delegates must be women. Mr. Carter has involved himself personally in attempts to defuse any confrontation and the hope remains that what will emerge will be no more than a loose commitment to this goal.

However, the feminist concern does underline the way in which this convention differs from that four years ago. Then the party's axiom was that the full spectrum of society (women, Blacks, other minority groups, and the young) should be properly represented, if necessary by enforced quotas. These were the products of the McGovern-Fraser liberal reforms that so moulded the party in 1972.

Then 40 per cent. of all the delegates in Miami Beach were women, 15 per cent. Black, and 24 per cent. under the age of 30. This year, when the mood is much calmer, the percentages have dropped to 34, 11 and 15 respectively.

The women have not been alone in muttering discontent. The Rev. Jesse Jackson, the articulate Black leader from Chicago, has also complained, if fairly mildly, at the smaller role to which Blacks are now consigned in the party's councils. He has specifically criticised Mr. Carter for not inviting any Black leaders down to his Georgia home for consultations on the selection of his running mate.

Mr. Carter's original list of vice-presidential candidates did contain two Blacks, Tom Bradley, the Mayor of Los Angeles, and Barbara Jordan, the Texas Congresswoman. Moreover, in his campaign he has relied considerably on the assistance of Congressman Andrew Young, the Black from Atlanta, and the Rev. Martin Luther King Senior, father of the slain civil rights leader.

His relations with the country's blacks are, in fact, in passably good order. But both the women and the blacks are painfully aware of the general belief inside the party that the Democrats do have a marvellous chance of winning the White House back this year. And even if reluctantly, they have accepted that this chance should not be jeopardised by extraneous controversy. But 1980, they feel, is another matter.

Simply because the Democrats do have a proclivity for contrariness, some demonstrations can be expected this week. Indeed, they have even been catered for, with five areas around Madison Square Garden designated for such public protest.

Yesterday the anti-abortionists paraded up and down. But few people seemed to notice.

Finally, it is worth remembering as an illustration of the spirit of unity that pervades in 1976 the contrasts between this convention and the last one held by the party in New York, in the old Madison Square Garden, in 1924. Then it took the party 17 days and 103 ballots before it settled on the compromise candidacy of Chester Davis. A native-born Georgian played no small role in that convention, too, in the person of William Macadoo, the candidate of the Ku Klux Klan, whose bitter fued with Al Smith, the Tammany Hall nominee, sent the session into protracted overtime.

In 1976 the name of the game is to fit everything into the requirements of prime-time television, and to give the nominee and his running mate the sort of send-off that will propel him towards the White House in November.

OPEC reserves increase slightly

BY DAVID BELL WASHINGTON, July 12.

THE TOTAL reserves of the major oil exporting nations—taken as a group—showed very little increase in the first five months of this year, according to the latest set of statistics issued by the International Monetary Fund.

The reserves of Saudia Arabia, for instance, stood at $23bn. at the end of May which is virtually the same level as at the end of December. Iran and Venezuela registered slight falls over the period but most of the other OPEC nations showed small increases.

The fund estimates that total reserves of the industrialised nations meanwhile increased by a mere $2.4bn. over the five months to stand at $124.3bn. by the end of May. Germany and Japan showed the largest increases with the United States not far behind. French reserves fell by $3bn. while the U.K's total reserves also declined by $1.8bn. to $5.4bn.

Total drawings from the Fund in the first six months of the year were SDR4.90bn. (one SDR=$1.14) which brings net drawings outstanding at the end of June to the equivalents of SDR13.5bn. Some measure of the current high level of Fund activity can be gauged from the fact that the disbursements in the first six months of this year were greater than for the whole of last year. Italy and the United Kingdom are among the countries with the greatest drawing on the Fund at the moment with Britain's outstanding drawing currently SDR2.4bn.

At the same time the fund notes that measured by its index for inflation in industrialised nations the rate of consumer price increase has slowed to 7.8 per cent. in May 1976 as compared with 11.4 per cent. in May 1975 and 8.2 per cent. in March and April this year. Of the countries surveyed Britain was still the country with the highest inflation rate although data on the United Kingdom was only included up to April this year.

Car hire 'monopoly' ban

BY JAY PALMER WASHINGTON, July 12.

THE U.S. Federal Trade Commission to-day formally announced that its directors had decided to accept provisionally the terms of a proposed consent decree banning America's three largest car rental agencies from conspiring to monopolise airport rentals

The FTC announcement follows a statement last March by the three companies themselves—Hertz, Avis and National—that they had reached a joint preliminary "understanding" with the staff of the agency on such a settlement.

Under the terms of this negotiated settlement, the three companies are specifically barred from "conspiring to monopolise" car rental business at any location, including airports. They are also forbidden to "fix or stabilise prices" or to take any actions that would have the effect of excluding smaller companies' competition.

The FTC's approval of these terms is, however, only preliminary. The terms of the settlement now go on the public record where 60 days are allowed for challenge by interested parties. At the end of this period, the FTC may either review or withdraw its original approval.

To-day's settlement, which the companies jointly stress in no way involves any admission of guilt on their part, grew out of a complaint issued just over a year ago alleging that the three had fixed rental prices, harassed smaller competitors and deliberately worked to bar smaller competitors from prime airport locations.

According to the original FTC complaint, the three companies in 1973 controlled 96 per cent. of the "on airport" rental market—then valued at over $500m. a year—and 100 per cent. of the rental market at America's 20 largest airports.

AMERICAN NEWS

The Chilean Government's indiscriminate use of devaluation to tackle the country's soaring inflation rate is causing bitter domestic havoc. Hugh O'Shaughnessy reports.

The social cost of the Junta

EVER since General Augusto Pinochet took power in Chile from the government of President Salvador Allende in September 1973 he has tended to favour the use of the blunt instrument as a tool of government. This month's news from Santiago of concessions to consumers indicates that, in the economic sphere at least, he is recognising the limitations of such a policy. The Chilean experience with the imposition of extremely tough and orthodox monetarist policies is not without relevance for the governments of other developing countries seeking to follow the same path.

When the Allende Government was overthrown the military junta took on a very unpromising financial situation. Because of its own weaknesses and because of the great pressures, domestic and foreign which it was undergoing, the Allende government saw inflation creeping up toward 300 per cent. a year. A major cause of this inflation was the deficit in the public sector, for which the losses of public sector businesses were largely responsible. A crisis in private business confidence cut new investment creating bottlenecks and shortages, and fuelling inflation.

For the whole of 1973, which included nearly four months of junta rule, the Government collected 168bn. escudos and spent 300bn escudos. The gap was largely covered by the issue of new currency. General Pinochet decided to change all that in the shortest time possible and talked early in his presidency of cutting down inflation to a maximum of 50 per cent within a year or so. The return from a semi-socialised scheme of things to the free-est of free enterprise was swift. A great many of President Allende's price controls were abolished overnight, the decision was taken to return business to private hands wherever possible, and the budget was trimmed to the bone, except, that is, for large quantities of new imported armaments and continued big domestic expenditure on the armed forces.

The elimination or imprisonment of the opponents of the new policies meant that they went through with the minimum of hindrance, and the severe impediments placed on trade union organisation meant that labour lost all effective power of bargaining with management.

The device of keeping the escudo undervalued by a series of frequent small devaluations meant that the export sector was favoured. The weakness of home demand meant that the call for imports was weak. The external sector, however continued to be dominated by forces outside the control of the junta. It had to deal with a big jump of the price of oil imports, but at the same time it achieved record receipts from copper, the main export, principally because it benefited from the very large investments carried out in the industry during the presidencies of Allende and his Christian Democratic predecessor Eduardo Frei. At $1.5bn. in 1974, the junta's income from copper was 2½ times as great as the $618m. received in 1972, the last full year of Allende rule.

Home market

The result of junta policies on the productive sector of the economy came to light fully just over a month ago when the final analysis of 1975 was published. It is little exaggeration to say that the economy looked as though it had been hit by a hurricane. On a per capita basis the Gross Domestic Product dropped 16.2 per cent., manufacturing industry fell back 27 per cent. and the building industry's output fell by 35 per cent.

The motor industry which in 1972 had turned out 26,618 units produced no more than 7,809 last year and 1,557 in the first quarter of this year. Output of tyres, rayon yarn, and glass production all fell last year to less than half the total for 1974.

The official unemployment statistics showed that in the last quarter of last year 16.5 per cent. of the active population in Greater Santiago was unemployed and 23.1 per cent. of manual workers were out of a job. In the first quarter of this year both percentages worsened. Officials have said that in provincial cities like Arica, Coquimbo and Concepcion, it could be even worse. The junta's decision to launch a Minimum Work Programme now employing 168,000 men at a basic £19 a month has done only a little to help.

The Catholic archbishop of Santiago is to-day running 247 soup kitchens which give 23,876 children of the capital one meal a day to keep them from starvation. The organisers of the kitchens report that a great many more youngsters are in need and could be fed if the funds were available. A vicious circle has developed over the past years of demand depression and unemployment which has wreaked havoc with Chilean society.

President Pinochet—an unpromising situation.

The "social cost" of the strategy drained even middle-class support from the junta and set up tension within the junta itself. Perhaps the worst aspect of the whole strategy has, however, been that the terrible price paid by Chilean society over the past few years has been in vain. Inflation currently is no less than it was in the last days of the Allende government when, whatever else was happening, Chileans were not starving. The official figures for 1975 give a figure of 340.7 per cent., a Latin American record. There has been little reduction of the inflationary pressures during the course of this year.

It is to attack this failure of the strategy that the government this month set out a new set of policies. The aim appears to be to try to stimulate domestic demand without worsening inflation. The cornerstone of the new strategy is the revaluation of the peso, the new currency unit introduced by the junta to replace 1,000 escudos. Having suffered 17 devaluations in the course of this year, the escudo was on the last day of last month revalued by 11.2 per cent. The measure was, General Pinochet said, to be accompanied by measures to revive the domestic sector.

The strategy depends on the fact that with good copper receipts and strong financial help to the junta from the U.S. Government and financial bodies such as the Inter-American Development Bank, the external sector can bear a little more pressure than it has been subjected to in the immediate past. "The trouble with Chile now is that it has got too much foreign exchange," one banker remarked. Thus the policy of keeping the peso cheap and favouring the exporter is no longer as vital as the junta thought it was last year. "Last year we had to have dollars at all costs," remarked Sr. Pablo Baraona, Central Bank president. "Now that urgent need has disappeared and as a result it is wrong to maintain that ... parity."

The junta now hopes that industrialists who last year put all their efforts into exports because that was the profitable thing to do, will now go back to develop the home market, and that lower peso prices of imports will relieve inflationary pressures at home. The ... did its best to raise hopes of the success of the new anti-inflation drive by lopping between 5 and 10 per cent. off the prices of some of the small number of staples whose prices are controlled. The move was greeted with surprise and scepticism by housewives used to decades of unbroken inflation.

Sr. Domingo Arteaga, President of the Sociedad de Fomento Fabril, the Chilean equivalent of the CBI, announced plans to persuade manufacturers to hold prices steady for 60 days. The ... was, however, rather ... when on July 4 milk prices were allowed by the ... to rise 26 per cent., big rises being announced for detergents, soluble coffee and sugar.

Whether the junta's strategy will in the end have any greater success in dealing with inflation than the old one did must be a matter for speculation. It will clearly depend on the restraint that manufacturers and retailers in Chile, in the absence of price controls, choose to impose on themselves and the extent they will pass on to their buyers the foreign exchange savings.

What is clear is that the indiscriminate use of devaluation is a poor way to tackle inflation in a country like Chile. It is also clear that to depress consumption levels in a country where standards of living in the best of times are precarious for the majority of people is to bring on more economic and social havoc than it cures.

[illegible]

World Value of the Pound

The table below gives the latest available rates of exchange for the pound against various currencies on July 12, 1976. In some cases rates are nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Exchange in the U.K. and most of the countries listed is officially controlled and the rates shown should not be taken as being applicable to any particular transaction without reference to an authorised dealer.

Abbreviations: (S) member of the sterling area other than Scheduled Territories; (k) Scheduled Territory; (o) official rate; (F) free rate; (T) tourist rate; (n.c.) non-commercial rate; (n.a.) not available; (A) approximate rate, no direct quotation available; (sg) selling rate; (bg) buying rate; (nom.) nominal; exchange certificate rate; (P) based on U.S. dollar parities and going sterling-dollar rates; (Bk) bankers' rate; (Bas) basic rate; commercial rate; (cn) convertible rate; financial rate.

Sharp fluctuations have been seen in the foreign exchange market. Rates in the table below are not in all cases closing rates on the dates shown.

Place and Local Unit		Value of £ Sterling	Place and Local Unit		Value of £ Sterling	Place and Local Unit		Value of £ Sterling
Afars & Issas	Djibouti Franc	298 sg	Germany, West	Deutschemark	4.615½	Paraguay	Guarani	[illegible]
Afghanistan	Afghani	81 A	Ghana (S)	Cedi	2.05 sg	P'p's D. Rp. of Yemen (S)	S. Yemen Dinar	[illegible]
Albania	Lek	[illegible]	Gibraltar (S)	Gibraltar £	1.0	Peru	Sol	[illegible]
Algeria	Dinar	7.25	Gilbert & Ellice Is.	Aust. Dollar	1.4460	Philippines	Ph. Peso	[illegible]
Andorra	French Franc	8.543½	Greece	Drachma	65.168	Pitcairn Is. (S)	£ Sterling	[illegible]
	Spanish peseta	121.65	Greenland	Danish Kroner	11.01		New Zealand $	[illegible]
Angola	Angola Escudo	56.10	Grenada (S)	E. Caribbean $	4.88	Poland	Zloty	[illegible]
Antigua (S)	E. Caribbean $	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

[illegible]

apan expects to become 1ajor computer exporter

CHARLES SMITH, TOKYO, July 12.

ALUE of Japanese com- exports in 1985 will be (about £730m.) or 18½ times what it was in cording to a White Paper prospects for the Japanese er industry just published Ministry of International and Industry (MITI). will make computers a Japanese export industry ill mean that exports for about 15 per cent. of e computer output, com- vith 3.7 per cent. in 1974. te the rise in exports, will still be running an international balance on puter trade by 1985, the says. Computer imports ch Y534bn. by 1985 (about compared with the 1974 of Y186bn. But the rise will be slower than that of com- puter exports and by the mid-1980s the proportion of imported computers in use in Japan will be significantly lower than at present.

The export forecast is part of a comprehensive MITI projection for the computer industry in Japan which also points to the following: total value of computers in use by 1985 to reach Y2,618bn. or three-and-one-half times the 1974 level. Domestic production of computers to increase 4.3 times to Y2,488bn. For the Japanese information industry as a whole (computers plus software) MITI sees a 4.6-fold growth up to 1985, giving a total production value of Y3,795bn.

One of the main problems identified by MITI for the information industry in 1985 is a serious shortage of trained personnel with systems engineers running about 20 per cent. below requirements and operators and key punchers about 40 per cent. below strength. MITI says that very large computers valued at over Y250m. will take a larger share of the market in the mid 1980s than at present, probably accounting for 63 per cent. (by value) of installed computers by 1985.

The market share of mini computers will also rise slightly, but that for intermediate types will fall. Among industries which will become more heavily computerised by the mid 1980s MITI points to steel and electric machinery.

intage 'mania' in Japan oosts British car exports

CHARLES SMITH TOKYO, July 12.

TS OF classic British Japan could quite rapidly sales of new British cars by the rate at which car "mania" is spread- long wealthy Japanese rs.

was predicted here to-day Peter Dodd, a 39-year-old Rolls-Royce employee ompany, Peter Dodd and es, is staging a classic ibition at the British Marketing Centre in

Dodd says that about 15 t. of his customers are e at present, but estim- it the ratio could quite ise to 50 per cent. He s demand for classic cars 1 at the rate af about one k and claims to control er 50 per cent. of the

of the cars on display Tokyo exhibition range m. (about £14,800) for a guar XK140 to Y100m. 185,000) for a 1973 Rolls- Phantom Laundelette, ly one of only four of its

lassic car exhibition was ated yesterday with a ade" from the British y to the Marketing after which one car (a 1935 Jaguar) was sold. ld said to-day that he had erested parties for each other cars in the exhibi- cluding the Rolls-Royce n Laundelette.

Dodd first visited Japan in 975 after noticing the ng flow of Japanese cus- through his London showroom. He came again in November of last year and in March and May 1976, by which time it had been decided to form a Japanese subsidiary and open a Tokyo showroom. The total number of classic cars sold by Peter Dodd Associates between October 1974 and December last year is given as 37 (including 20 Rolls-Royce's) worth a total of Yen218m. (about £520,000). Exports of new British cars to Japan last year were worth £4.1m. but in the first five months of 1976, largely because of the inhibiting effect of Japan's new emission controls, imports were down to £900,000.

Asked about the relevance of Japanese emission controls and other controls to the classic car business, Mr. Dodd said to-day that all his models could be adapted to meet the 1973 standards. There was some vagueness about the application of the 1976 round of controls to classic cars, but the fact that the new controls apply from the date of manufacture of foreign cars rather than from the date of import appears to leave the door open for the import of pre-1976 models.

This point was cleared with the Japanese authorities so far as the cars in the present exhibition are concerned. Mr. Dodd says that even if future classic car imports run into emission control obstacles they could still be sold in Japan because most classic car owners would not want to operate their cars on a regular licence.

Peter Dodd's Tokyo prices are about 50 per cent. higher than equivalent U.K. prices, of which about 30 per cent. is accounted for by the cost of bringing the car to Japan. Payment terms are cash only, with 25 per cent. deposit retquired to secure a car for a buyer. Despite these conditions Mr. Dodd said to-day that the main problem was finding enough cars.

xport drive for Escorts

is planning a big export n the late summer and for its Escort models, tly the best-sellers in .K. domestic market, our industrial staff.

r production re-starts in idle of August following ee-week annual holiday ntends to export about Escort saloon and cars before the end of ar. That total will be double the number ex- to Europe in the whole

's exports have been ip rapidly this year, not n monetary terms but unit sales. In the first f 1976, overseas sales p 27 per cent. to 53,000 2,300 last year.

ment move

stan and Kuwait have led an agreement for the shment of a joint invest- company with a share of $25m. to be equally uted by the two coun- r Karachi correspondent The investment com- o be based at Karachi corporated under Paki- w, will identify econo- profitable investment unities and carry out ity studies. It will also capital for projects l by it.

Nigeria plan

Daimler Puch, the Austrian motor com- announced to-day the of the contract in Lagos etting up a joint com- th a capital of Sch.290m. £9m.) for producing and tractors in Nigeria. trian company will hold cent. of the capital, the Government 35 per and other Nigerian the rest, our Vienna Lagos correspondents

has been exporting for several years to This year 1,400 lorries shipped to Nigeria. The would go on stream in producing in the final 000 lorries, between 5 to and 2,000 tractors per

rolling mill

sh Engineering consor- oeigaard et Schultz and and the French com- EM (Compagnie Francaise rises Metalliques) have order for a Kr. 425m. mill to be built at Bran- in East Germany, Reuter from Copenhagen. Con- work is due for comple- hin the next three years. nch company will under- l construction work worth ated 40 per cent. of the ue of the order.

gas treatment

ional Systems and Con- SC) has reported that its ivalls and Bryson manu- g subsidiary has been awarded contracts valued in excess of $9m. to design, engineer and fabricate de-gassing and dehydration equipment for the Jambur and Bai-Hassan oilfields in north Iraq and the Rumalla fields in south Iraq. Such facilities will permit utilisation of associated separator gas which is currently being flared.

N. Sea tanker

Statoil, the Norwegian state oil company, has signed a charter contract with Einar Rasmussen, a Norwegian shipowner, for a 125,000 d.w.t. tanker specially designed for offshore loading of oil from the North Sea Statfjord Field, William Dullforce writes. The vessel is being built at Sweden's Uddevalla shipyard and will go into service in the last quarter of 1978. Some Kr.20m. (£3m.) is being spent on advanced safety equipment in the tanker.

Statoil estimates that four or five vessels more of the same size will be required during the first development phase of Statfjord, the largest discovery so far in the North Sea and expected to come on stream towards the end of 1978.

Venezuelan study

The new dynamism of the Venezuelan economy has created a greater range of opportunities for foreign investment than ever before. This is stated in Venezuela: Business Opportunities, the latest in a series of Financial Times studies, prepared by Metra Consulting and International Joint Ventures. The Venezuelan five-year development plan envisages gross investment of $40bn. over half of which is in the public sector.

The study is available at £60 (plus postage) from the Publishing Department, Business Enterprises Division, Financial Times Ltd., 10 Bolt Court, EC4A 3HL.

Pipeline compressors

THE BOOTLE-based Cooper Bessemer division of Cooper Energy Services has won an order worth £5m. to supply 24 30-inch pipeline compressors for the 1,440-mile long pipeline from Orgenburg in Russia to Austria. Cooper are to supply altogether 88 of these compressors by Aeg-Kanis of Essen W. Germany, and is the largest single order ever placed for pipeline compressors.

Japanese ship orders

New building orders received by Japanese shipyards from overseas shipowners in June rose substantially from last May and June 1975 to 53 ships totalling 599,291 gross tons, the Japan Ship Exporters Association said: Orders in May this year were 20 vessels totalling 237,900 tons and in June 1975 were only 13 ships (143,389 tons), it said. The June total comprised 41 cargo ships 346,591 tons, and 12 bulk carriers, 252,700 tons, but there were no oil tanker orders, Reuter reports from Tokyo.

Berliet may build plant in S.E. Asia

By Rupert Cornwell

PARIS, July 12.

THE FRENCH State owned group, Renault, is putting out feelers for the possible construction of a truck plant in Vietnam—a move that would carry the battle against the company's Japanese competitors into their own backyard.

Renault officials emphasise that the negotiations, which are understood to involve Berliet, the lorry subsidiary acquired in the December 1974 shake-up of the French motor sector, are only at the most preliminary stage. That Vietnam is not the only site under consideration is indicated by the visit of the Indian Transport Minister last Friday to Berliet's headquarters at Venissieux

The idea of breaking into a Communist market is not as revolutionary for Berliet as it might sound. Already it has done extensive business with the Chinese People's Republic, as well as with Poland. Mean-

These export successes have however been increasingly hard won. Despite a recovery in the domestic market with the economic upswing, the decline in foreign sales and orders have prevented both Berliet and its stablemate Saviem from recovering full financial health.

In 1975 they showed a combined loss of Frs.150m. This year it seems that Berliet might be back in the black, while Saviem has already reported a 13 per cent. climb in output over the first four months of 1976.

The contradictions of Chinese oil policy

BY COLINA MacDOUGALL

FROM THE miraculous, the Chinese oil industry is dropping to a more everyday status. Output is still rising, but much less sharply than a year ago. Exports are actually falling (though sales to Communist countries might be up) and there are occasional signs of shortage at home.

Two men responsible for the oil industry, the Planning Minister and the Oil and Chemicals Minister, may have been sacked, though this could have been for political reasons. Neither of them have been seen in public for months. Although there is no evidence yet to show whether there has been a deliberate policy change, the attack on former Vice-Premier Teng Hsiao-ping for wanting to export oil and coal to pay for technological imports inevitably makes one wonder.

According to official Chinese figures, the growth of production in the oil industry as a whole fell to 12.7 per cent. in the first three months of this year, as opposed to 25 per cent. in the first half of 1975 and an average increase of over 20 per cent. annually in previous years. The star oilfield of Taching, believed to produce about half China's total, slowed to 11.3 per cent. after average annual increases since 1966 of 18.7 per cent. Even more revealing, the increase in value of industrial output in Heilungkiang province (where Taching is by far the largest enterprise) was only 4.6 per cent.

Exports to Japan, by far China's largest customer for oil, have been reduced. China's oil is expensive and hard to handle, so the Japanese do not like it. The total agreed for sale this year was 6.1m. tons, well below last year's 8.1m., though an option exists for the remaining 2m. While originally it was the Japanese who resisted buying more, there is some doubt as whether they will get even the full agreed tonnage. For unexplained reasons (there were rumours of an accident at Taching) the Chinese cut shipments heavily in the spring.

As for the drop in the rate of increase in production, even without an accident it is quite natural that output at Taching should have flattened out. What is difficult to evaluate at present is how far the Chinese are the victims of circumstance and how far they are deliberately slackening pressure to expand the oil industry.

First view

Supporting the first view is the evidence of the rumoured explosion, the suddenness of the fall in total crude output, the unwillingness of the Japanese to buy, and the calculation that, whatever the cost, the strategic and economic importance of oil is of overriding importance.

Supporting the second is the limited overseas market for Chinese crude, the fact that the petrochemical industry may not yet be ready to absorb its full share of oil as feedstock (the American fertiliser plants under construction have fallen behind schedule), and the problems the Chinese may be meeting in exploiting the fields at Takang and Shengli. In addition there is the undesirable quality of the crude itself, and the fact that the huge effort in oil over the past few years has taken investment from other needy sectors.

Yet China is still searching the world for oil production equipment. It is continuing to buy petrochemical and allied plant in larger quantities than any other industrial equipment, so it looks at if no long-term hurdles in the supply of feedstock for the petrochemical industry is expected. No more pipelines seem to be currently planned, however. Pipelines already exist from Taching to the coast and to Peking, and this may be adequate for the moment.

At this point oil production looks likely to grow much more slowly than it did a year ago. Whether this is by accident or design remains to be seen. China's crude oil production, a recent visitor to Peking was told, would reach 100m. tons next year or the year after. At last quarter's 12.7 per cent. rate of increase, this figure would be reached in 1978. If the rate picked up to 15 per cent. (which seems quite possible) production would get there by 1977.

At 15 per cent. production would by 1980 have reached 150m. tons, one of the lowest of the Western estimates made hitherto. However, the Chinese seem unlikely to use more than about 110m. tons of that themselves. This is taking into account a switch-over to oil-fuelled industry and transport as well as the growing petrochemical industry.

Export prospects for the next few years are far from clear. Discussions with the Japanese over a long-term export deal seems to have collaped. Japanese oilmen are not keen to commit themselves to more expensive-to-process Chinese oil than they must.

Refineries

The siting close to ports of the refineries currently under construction suggests that Peking is planning a much increased export of refined products. These are not likely to go to the U.S. or Europe, but could find a home in Japan. Hong Kong is a likely destination, and China pushed up sales to the colony substantially in the last two years. It probably makes sense for the Chinese to build refineries specially equipped to handle their own peculiar type of crude than to sell it to customers used to the much lighter Middle East type.

The lack of growth in oil exports will mean slower increases in convertible currency earnings to help pay even for the more limited technological imports that the radicals in the leadership might accept. Although the Chinese now appear to have settled into buying foreign plant on supplier credit and have no difficulty in borrowing funds through the international banking system, this must undoubtedly have meant some worry in Peking. On the few figures available so far this year, the trade gap with Europe at least is widening.

What precisely the future Chinese strategy is to be is far from clear. The next round of percentage increase figures due out this month should provide firmer clues

Manchester Steel buys Johnson wire rod mill

BY ROY HODSON

AN INTEGRATED steel-making operation in Manchester will be the result of a £4m. plus deal concluded yesterday in which the Manchester Steel mini-mill company bought the nearby wire rod mill belonging to the Johnson and Firth Brown steel combine.

Manchester Steel, owned by the Norwegian Elkem-Spigerverket group, is to spend £500,000 on new equipment for the rolling mill to give an eventual production capacity on the joint site of 250,000 tonnes of wire coil a year. There are also plans to instal a second electric arc furnace at Manchester Steel to raise steel-making to a similar figure to feed the wire mill.

The deal, forecast in the Financial Times on April 29, marks an important step forward in the development of Manchester as a centre of the private steel sector.

Negotiations have been protracted and the financial details indicate how difficult it has been to arrive at a price.

Under the agreement signed between Mr. Erik Lundgaard, chairman of Manchester Steel, and Mr. Tim Kirkbride, chairman of the Johnson and Firth Brown rod and wire division, Manchester Steel will pay £3.5m. in cash. There is also a deferred consideration related to the wire rod mill's profits before tax during the next five years. In each of the five years Manchester Steel will pay Firth Brown any profits in excess of £0.5m. During the last half year the mill's profits before tax have totalled £129,000. Manchester Steel has also assumed liability for the mill's £694,000 overdraft.

Manchester Steel has had a three-stage development programme involving the installation of two electric arc furnaces (one is already working) and, finally, a rolling mill. Mr. Hans Sundt, managing director of Manchester Steel, said last night that the programme would be accelerated now that the company been able to buy the nearby mill instead of having to build a new one itself.

Mr Kirkbride commented that it was "the correct combination" to bring together under one ownership the steel-making plant and the rod mill even though it meant a basic change in direction for the rod and wire division of Johnson and Firth Brown to move away from steel rod rolling. The division intends to concentrate resources on the downstream activities for wire and wire products.

Until the sale of the Manchester mill the company had been in steel rod rolling continuously for more than a hundred years.

Manchester Steel has given assurances that the markets for rods established by Johnson and Firth Brown over the last three years, and the customer relationships involved, will be maintained and developed.

Mr. Lundgaard, discussing the philosophy behind the take-over, said that by acquiring an existing rolling mill and utilising current production capacity Manchester Steel was saving possibly three years' planning and building time. The company would thus be better placed to take advantage of the market when an upsurge in trade occurred.

More Home News Page 11

Court adjourns annuities case

THE POLICY Holders' Protection Board is considering what relief it can give holders of Capital Annuities under the 1975 Insurance Act, the High Court was told yesterday.

The judge adjourned for 14 days a winding-up petition brought by the company based on its actuarial insolvency. The company is in provisional liquidation and a special manager had been appointed.

Alcan puts up price of primary aluminium ingot by 15%

BY RHYS DAVID

ALCAN (U.K.) is increasing the price of primary aluminium ingot for customers in Britain and Ireland by £70.60 to £526.60 with immediate effect—a rise of about 15 per cent. Rolled products and strong alloy extrusions supplied by Alcan Booth have been increased in price by about 14 per cent. and other extrusions are being increased.

The rise represents in part an adjustment as a result of the fall in the value of sterling and, according to Alcan, will still leave U.K. prices below those in the U.S. and on the Continent. The evidence recently of a return to stronger levels of demand for aluminium has made it possible for Alcan to go a long way towards closing this gap, with the latest increase bringing the U.K. price up to a dollar equivalent of about 42.5 cents per pound. In the U.S. the price per pound is 44 cents but in France, where a rise recently has been announced, the price is about 49 cents.

The latest Alcan increase, which has passed through the necessary Price Commission formalities, comes three months after the rise in April which took the price up from £420 to £456. Before that the price had been increased in December from £396 to £420. Since the turn of the year a substantial increase in demand for aluminium has taken place as a result of the pick-up in industrial activity and restocking by customers and producers now are reporting an increase in shipments to domestic and export customers in recent months of about 15 per cent. compared with the end of last year.

Strike

Alcan has been operating force majeure on its contracts for the past month as a result of the strike affecting several of the Canadian parent's main smelters. Supply is being reduced on average by about 20 per cent., although the figure is higher in some product areas.

The five-week-old strike, over new labour contracts has affected about 315,000 tonnes of Alcan's total capacity of more than 1m. tonnes in Canada. Before the strike the company was operating at about 80 per cent. capacity in Canada.

Report on motor industry talks soon

By Terry Dodsworth, Motor Industry Correspondent

MR. ERIC VARLEY, Industry Secretary, is expected to make a report later this week on the progress of the talks between the Department, the heads of the big four motor companies, and Mr. Jack Jones and Mr. Hugh Scanlon of the transport and engineering workers' unions.

The report will probably cover areas of common interest, such as Government intervention in the industry and the role of central economic management.

It is also expected to include some kind of declaration of intent on the part of both unions and management on productivity and industrial relations.

The tripartite meetings are said to have been a considerable success at the personal level, with industry leaders impressed by Mr. Varley's willingness to listen to their point of view.

Delicate

The way in which the industry's feelings on the new company car tax proposals were forcefully put across, leading to a change of policy, indicates that relations have improved considerably over recent months.

However, there are several delicate areas, such as import controls, where it will be more difficult to reach agreement. Vauxhall, for example, has remained strongly opposed to any kind of control, despite British Leyland's conversion to some selective curbs, particularly against East European imports.

At the same time Mr. Varley will not be able to report a uniform improvement in performance. The British industry is still losing market share to imports.

Car production is also failing to increase fast enough to meet demand, partly because of industrial disputes earlier this year at British Leyland.

Unions to be given grim forecast on shipbuilding jobs

BY JOHN WYLES, SHIPPING CORRESPONDENT

A GRIM analysis by the Government of the market difficulties facing Britain's shipbuilding industry has been presented to trade union leaders for discussion at a meeting to-morrow.

Mr. Eric Varley, the Industry Secretary, will use the document prepared by his Department to try to convince leaders of the Confederation of Shipbuilding and Engineering Unions that the contraction in world demand for new ships will have dire implications for traditional shipbuilding jobs in the next few years.

To-morrow's meeting, to be attended by members of the organising committee of British Shipbuilders which will run the industry after nationalisation, is the second in a round of tripartite talks called by Mr. Varley to discuss the shipbuilding crisis.

The Government hopes first to encourage the unions to accept the scale of the problem and then to enlist their help in possible solutions. CSEU leaders have so far said little to indicate that they will accept a slimming-down operation although the Government clearly believes shipyard redundancies will need to start next year.

Severity

This conviction is underlined by the document which Mr. Varley, at the first tripartite talks a fortnight ago, promised to prepare for discussion to-day. It is understood that it goes over ground already covered by Mr. Varley in public speeches, underlining that shipbuilding is experiencing a world-wide structural change.

This points to a contraction of output by 1980 of around 60 per cent., although the Government has stressed that this does not imply an equivalent contraction of British yards.

However, the severity of the crisis was highlighted by figures quoted by Mr. Varley to the CSEU's annual conference at the end of June when he pointed out that in the last 18 months British shipbuilders had won only 320,000 gross tons of new orders, an average of 230,000 grt a year which was barely 20 per cent. of normal annual output.

Meanwhile, the Government's Aircraft and Shipbuilding Nationalisation Bill is expected to be presented for its third reading in the House of Commons next week.

At the same time, the Government is expected to reveal the extent of the concession on the creation of a Scottish entity within the shipbuilding industry which was tentatively offered to the Scottish Nationalists a fortnight ago.

It is extremely unlikely that this will give in to Nationalists' demands for a Scottish shipbuilding division, not least because this runs against the advice given by the British Shipbuilders' organising committee where feeling is running high against the imposition of such a structure.

Court rules against Tameside Council

BY KEVIN DONE

THE RULING Conservative group on Tameside council decided unanimously last night to continue its fight against the introduction of comprehensive education in the Greater Manchester area.

Its decision to put the issue before a full council meeting to-day came only hours after Government moves to force it to abandon selective education were upheld by three High Court judges.

Mr. Fred Mulley, Secretary of State for Education, was justified, said the judges, in issuing a directive requiring Tameside council to bring in comprehensive education.

They granted him an order requiring the council to obey the directive, but Lord Widgery, the Lord Chief Justice, said the order would be suspended for ten days pending an appeal by the council.

The High Court ruling was immediately welcomed by local and national teaching organisations, but Tory councillors decided last night at their caucus meeting to continue the fight.

Mr. Colin Grantham, Leader of the Council, said the group was determined to take the matter to its ultimate conclusion, an appeal to the Court of Appeal.

The Tories have an overall majority of four in Tameside and a majority of seven over Labour.

Lord Widgery, who presided in the Queen's Bench Divisional Court, said he was satisfied that there was material justifying the Minister in issuing the directive under section 68 of the 1944 Education Act on the ground that the council was proposing to act unreasonably in retaining some form of selective education.

This was in no sense a victory for comprehensive education over selective education. "It is simply a conclusion that there was material which justified the Minister's decision."

Lord Widgery said the Court could only set aside the directive if it were satisfied that the Minister had exceeded his jurisdiction. But he was satisfied that there was material upon which Mr. Mulley could decide that the council was proposing to act unreasonably because there was not sufficient time for it to implement the proposals before September.

Mr. Justice May said he had been troubled by two short passages in Mr. Mulley's directive, but the Council had not suggested in any way that the Minister had acted in bad faith. He therefore accepted there was material on which the Minister could act.

The Council was ordered to pay the costs of the case. Mr. Harry Woolf, counsel for the Education Secretary, said that any appeal could be heard as early as July 21.

More students pass fewer academic tests

MORE SCHOOL-LEAVERS are now passing an exam of some sort, but there has been a big drop over the last ten years in the proportion passing two or more "A" levels in science subjects.

Education Department figures show that the "boom" has taken place in the less academic style Certificate of Secondary Education.

CSE subject entries have trebled from 0.7m. in 1967 to 2.2m. in 1974.

In the same period GCE entries for "O" level and "A" level have increased 15 per cent. to 2.8m. and 0.5m respectively.

43 lose jobs

POOR TRADING conditions in the building and furniture markets have led the Hallam Group to make 43 staff and housing site workers redundant at its Eastwood, Notts., and Langley Mill, Derbyshire, plants.

Orange Day passes quietly in Ulster

BY GILES MERRITT IN BELFAST

IN CONTRAST to fears that yesterday's Orange Day celebrations in Ulster would trigger fresh sectarian violence, the most notable attack on the marching Orangemen came from within the Loyalists' own ranks.

Mr. William Craig, Vanguard leader, told Orangemen in Co. Antrim that the 100,000-strong Order is politically impotent. He went on to criticise the Order's leadership for waivering in its support of the inter-party talks between the Official Unionist Party and the mainly Catholic Social Democratic and Labour Party.

Mr. Craig's outburst was apparently aimed at strengthening Loyalist support for the talks and for Orange Order leader, the Rev. Martin Smyth, who initiated them.

Check points

Tight security was in evidence throughout the Province as army and RUC units patrolled the Orange Day processions to head off clashes between marchers and Republican hecklers.

Because of recent bombings in the Irish Republic by the militant Ulster Freedom Fighters arm of the Protestant UDA, Irish police and army forces mounted rigid border checks.

Exports 'lost through lack of motorway'

BY OUR MIDLANDS CORRESPONDENT

SOME COMPANIES are missing export deadlines because of the lack of a motorway link between the Midlands and Felixstowe and other East Coast ports, says Birmingham Chamber of Industry in an attack on the absence of a fast road link to one of the most important exporting regions in the U.K.

It contrasts this with the "absurd position" of Avonmouth, primarily an importing port, being connected to the motorway system.

"This is British Export Trade Year, yet the Midlands has a most inadequate road link with our major European exporting ports on the East Coast," Mr. Alex Laker, the chamber's president, points out.

"All we have been promised is that a single carriageway road will be ready by the mid-1980s. By that time, according to the National Ports Council, non-fuel trade with the EEC will be nearly 40 per cent. up, with the East and South-East ports taking a large share of the trade."

N-waste treated 'wrongly'

BY DAVID FISHLOCK, SCIENCE EDITOR

BRITAIN, the U.S. and France all made the same mistake in planning the large-scale reprocessing of spent nuclear fuel, Sir John Hill, chairman of the U.K. Atomic Energy Authority and the Government's chief adviser on nuclear matters, told a U.S Government conference in Denver, Colorado, yesterday.

Instead of thinking in terms of tonnes of throughput, as would be normal in chemical engineering, they should have planned in terms of the amount of radioactivity expected.

"We would have made a better judgment of the problem if we had used the megacurie," Sir John told a conference on nuclear waste management called by the U.S. Energy Research and Development Administration (ERDA).

"But now that we recognise just what the problems are we will build the right plants for the job they have to do."

Britain is planning to build its first THORP (thermal oxide reprocessing plant), of 1,000 tonne annual throughput, at Windscale, Cumbria, at a cost of about £350m.

More research was needed on geological formations and processes, on oceanic movements and uptake pathways, and on containers, before irretrievable disposal of nuclear waste could be carried out for anything other than low-activity wastes, said Sir John.

Ladbroke-Courage deal

BY ARTHUR SANDLES

LADBROKE HOLIDAYS, the holiday camp and boat-owning subsidiary of the Ladbroke Group, and Courage, the Imperial brewing subsidiary, have now signed their agreement forming a joint holiday venture, Ladbroke Courage Holidays.

Under the agreement, made in principle earlier this year, Ladbroke puts the Perran Sands Holiday village in Cornwall into the company and Courage transfers one centre in Cornwall and another in Devon into the project. The net asset value of the new company is around £1.7m. Ladbroke will run and market the centres on a fee basis.

Fidelity plea adjourned

FIDELITY Corporation's proposals to save its subsidiary, Fidelity Life assurance, from compulsory liquidation are unlikely to be agreed before the present law sitting ends on July 30, the High Court was told yesterday.

Mr. Justice Templeman granted another week's adjournment of a petition by the Secretary of State for Trade to wind-up Fidelity Life.

Fidelity Corporation's proposals, which envisage 100 per cent. payments to policy holders, have to be agreed by the Department of Trade and the Policy Holders' Protection Board before the court will give its approval and dismiss the petition.

Betting duty receipts up on last year

By Michael Thompson-Noel

THERE WAS a further advance in off-track betting turnover in May, according to provisional figures published by Customs and Excise to-day. General betting duty receipts from off-course bookmakers totalled £13.58m., compared with £11.13m. 12 months previously.

On-track bookmakers paid £684,000 in betting tax in May compared with £617,000 a year ago, and the horseracing Tote paid a total of £232,000 (£210,000).

Football pool betting, however, showed a decline. The pools tax in May was £6.9m., a fall of £1.3m.

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The Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● INSTRUMENTS

Complex curves simply scanned

EUROPEAN and International Standards have been written around a car windscreen distortion analyser developed by Pilkington Brothers in association with Integrated Photomatrix.

A row of 128 detectors, built on a 12mm base, is used to replace the human eye in gauging the visual distortion which occurs when hot glass is reworked and laminated.

To be marketed under the name Diascan, the analyser employs Pilkington's projection technique — adopted at their Triplex factory—of throwing a tiny disc pattern through the windscreen on to a white display screen. The pattern changes shape if distortion is present. Traditionally a ruler was used to measure the degree of distortion which was taken as the distance between the two points showing the least intensity. It left much to the judgment of the operator.

Diascan does away with the possibility of human error and provides an electronic means of assessing the change in dimensions. The electronic eye supplied by IPL speeds the operation and has a capability of measuring to within four-thousandths of an inch. A red and green light tells the operator whether the windscreen is to be accepted or rejected.

Light, rugged, and claimed to be extremely reliable, the Diascan technique is hoped by Pilkington and IPL to be applied to other areas including remote inspection of the lips of glasses as they are made; and automatic scanning of faults in acrylic sheets

Components Division, Integrated Photomatrix, The Grove Trading Estate, Dorchester, Dorset. Dorchester (0305) 3673.

● PROCESSING

High speed small unit burner

SMALL self-contained incinerator units combining high speed operation with low fuel combustion when burning both solid and liquid wastes has been introduced by PD Process Engineering, Prospect House, Crendon Street, High YTAOI Crendon Street, High Wycombe, Bucks. (0494 35141), a Powell Duffryn Group company.

Called the Furnapak, the incinerator is claimed to be the first to harness the rotating rabble shaft and air injection system, originally developed for much larger multiple hearth furnaces, on a scale suitable for applications such as the burning of hospital waste, sewage screenings, oily and sewage sludges, and canteen and general refuse.

Scraper bars suspended by chains from rotating arms break up the waste and spread it evenly over the hearth. Air is blown through the rabble arms to improve combustion and hot air is recirculated to the combustion zone. This system solves a problem encountered with small incinerators in which waste tends to compact on the hearth, reducing the air flow.

Once waste has been fed, operation of the incinerator is automatic. Manual raking during burning or for the removal of ash is not required. Ash is carried out by the scraper whe nthe ashbox cover has been opened.

Chain mounting the scrapers means that solid items such as tins and bottles can be handled without prior separation.

The maker says tests of ash samples from the incinerator gave 0.5 per cent. combustible matter content on sewage screenings and 0.3 per cent. on hospital waste. The furnace meets BS 3316:1973 for hospital incinerators.

The standard unit consists of a 1.7 metre dia. vertical steel cylinder 2.6 metres high, with a refractory lining. The drive motor for the rabble shaft, and the fan for combustion air, are both mounted in a chamber below the hearth. Solid waste is fed through a loading door, while liquid wastes and pumpable sludges are fed through an inlet port and atomised in a low pressure air curtain sustained by the main fan.

Typical performance is stated to be 350 kg/hr of sewage screenings of 80 per cent. moisture content. Af er using 20 litres of oil for start-up, 200 kg/hr of industrial w iste of 20 per cent. moisture cor tent was burned.

● WELDING

Panel line for smaller shipyards

ESAB-HEBE, members of the international welding group ESAB, has designed and produced a panel production line system which is ideal for the small tonnage shipbuilding yards. This new line is equally suitable for the building of medium-tonnage ships as well as the construction of small vessels, such as barges, tugboats, supply vessels, tow boats and landing craft.

The line is based on experience and delivery of the very large panel production lines used for vessels of over 100,000 tons and is, as on the very large types, specifically aimed at speeding up shipbuilding production.

Plates, already edge prepared, are loaded by a magnetic crane on to the line and positioned on the input conveyor. The first plate is laid so that its rear edge is positioned over the support beam in the tack welding station and the second plate is conveyed so that its front edge is also positioned over this supporting bed. Exact alignment over the bed is by hydraulic pushers.

A pressdown holding unit, carriage-mounted on the tack welding gantry is activated, pressing down undulations in the plates and tack welding is carried out using a semi-automatic welding gun with wire feed conduit which is carried on the press-down carriage.

When the full length of the butted-up plates has been tack welded the two plates are conveyed one step forward and a third plate is added. This goes on until the desired panel size has been built up.

The complete tack-welded panel is conveyed to the next station and run-on and run-off plates are hand-welded on prior to butt welding.

When first side butt welding is finished the panel is turned over by a turn-over crane combined with a lifting beam.

Esab-Hebe, 40270 Gothenburg, Sweden.

Batch sizes are usually [illegible] 25 and 100 off, with tol[illegible] required to be within 0.0[illegible]

Drilling, boring and [illegible] aluminium components [illegible] main work, and the m[illegible] spindle speed of 4000 [illegible] stated to be particularly [illegible] for this application. Sati[illegible] results with this mach[illegible] encouraged Rank Pullin [illegible] a second.

● MACHINE TOOLS

Moog tool saves time and costs

INSTALLATION OF a Moog machine centre at the Loughton factory of Rank Pullin Controls is reported to have reduced by more than two-thirds the time it takes to produce precision components.

Prior to this, a typical component required seven separate operations on conventional machine tools and involved a total machining time of 2 hours 20 minutes. Using the Moog, only two set-ups are necessary and machining time is reduced to 45 minutes.

Purchase of the 1000 MC TP machining centre by Rank Pullin was the first venture into NC machining by the Essex-based company, a subsidiary of Rank Precision Industries.

The machine is fully automatic with tool changing effected under tape command, and with tools stored in a random access 24-station magazine. The control system provides for positional control on the X, Y and Z axes, as well as on a fourth axis for operation of an indexing unit.

● ELECTRONIC[S]

Close wat[ch] on Texas

ON THURSDAY, Texas [Instru]ments will announce to t[he] [...] and the public in the [U.K.] [the] launching of is low-co[st] [elec]tronic digital watche[s] unveiled in the U.S. in [...] this year.

Main characteristics [...] plastics case (polysulpho[ne]) [...] functions and a watch chi[p] [...] on "i squared l" technolo[gy] [...] is double integration in [...] drivers for the digits d[...] on the watch face are fo[und in] the chip that contains th[e] circuits needed to ma[ke the] machine function like a [...]

There is a range of co[...] choose from and the w[atch is] being presented in thre[e] [price] levels—£15.95, £17.95 an[d] [...]—with three models [at each] level, it is understood.

This is the same unit announced in the U.S. [...] this year at just under [...] pressure of demand has [been] high in the American mar[ket] the company is only now [able to] make some of the watche[s avail]able for the UK. market.

In the meantime, and [...] until late September, [...] will be the only centre[s where] the watch will be availa[ble for] purchase. It has already [been on] sale in these shops for [a] fortnight.

Texas Instruments, 16 [...] Road, Slough, Bucks.

● SOFTWARE

Big boost for U.K. package

ALTERGO Software and the Cullinane Corporation of the U.S. have agreed that the latter is to have the North American rights to the Shadow II teleprocessing monitor and associated products.

Cullinane will be responsible for marketing and support for all users, but in addition it will fully integrate IDMS with Shadow II to offer end-users a single source for both data base and communications products.

Predicted North American sales for the Shadow package in the first three years are over 350 systems, prices between 30,000 and 60,000 dollars, depending on the operating system and the configuration and there is thus an enormous market for this U.K.-designed product.

Shadow II is a teleprocessing and multi-tasking monitor for users of IBM 360/370 under DOS or DOS VS control. It interfaces with most generally accepted data base methods.

It is a direct competitor for CICS, but uses only a fraction of the storage and processor time required.

Developed by Altergo and enhanced under the U.K. Government's Software Products Scheme, Shadow's share of the U.K. market for independently-supplied teleprocessing monitors has risen to over 70 per cent.

Altergo is at 5 Lower John Street, London W1R 4HA. 01-439 9681.

● TEXTILES

Good start for a new factory

A £3m. order from Iran for textile machinery won by Crosrol has coincided with the opening of the company's new £3m. factory in Halifax.

At present, Crosrol is working from six factories in various parts of the city and the new premises will enable it to reduce the number of production units and make much more effective use of its managerial staff. The company, which makes carding and coiling machines employed 350 people in 1970 and to-day this has risen to 1,050.

● COMPUTERS

Speeds up data rate

KEYBOARD send and receive (KSR) computer terminals can be converted to automatic send and receive (ASR) using the Extel 8400 digital cassette tape units.

They will interface with most types of computer equipment and are among the lowest cost cassette systems available, with prices starting at under £900 for a fully-interfaced unit ready to use.

The KSR terminal is [connected] to line (via modem) or to [...] direct via the 8400. Whil[e infor]mation is written on to [tape at] the normal keyboard sp[eed of up] to 30 characters/sec), the [...] unit can transmit the [...] line at speeds up to 2400 [...] (240 ch/sec).

Data preparation and [...] facilities are also provi[ded] on some models the[...] features such as fast [...] search. There are fou[r models] available ranging from a unit intended to replac[e] tape punches or reader[s to a] version having compr[ehensive] editing ability. Exchang[e Tele]graph Company, 73 [...] Street, London EC2A 4[...] 739 2041).

Micro gets add-on memory

INTEL has announced [a] board for its SBC-80/1[0] computer system which c[ontains] all the required control [...] to support an additional [...] bytes of program memory. 8701A electrically progra[mmable] ROMs or 1302 mask-progr[ammed] ROMs can be plugged into [sockets] provided on the board.

The board is divided i[nto ...] and a 4k block. These blo[cks can] be set at any base address [in the] 80/10's memory map be[...] on any 2k boundary by m[eans of] wire links and switches. [Each] 2k section of the memory [can be] selectively enabled or d[isabled] using an associated switch.

Further flexibility is pr[ovided] by switches which va[ry the] access time of the board to one of four different 8702 types available. This mea[ns] slower, lower cost PROMs [can be] employed if the applicatio[n does not] demand the highest p[ossible] speed. Intel is at 4, B[...] Towns Road, Cowley, OX4 3NB (0865 771431).

● CONFERENCE[S]

Learning about the micro

A RESIDENTIAL symp[osium] called "Microprocessors [at] Work" is to be held b[y the] Society of Electronic and [Radio] Technicians at Sussex Univ[ersity] from September 26 to 29.

The fee of £98 (£82 for members) covers full boa[rd,] single study/bedroom acc[ommo]dation, a comprehensive [set of] literature, the conference d[inner,] a visit to Sussex Univ[ersity] laboratories and a coach [...] Manufacturers involved w[ill include] Intel, Texas, Motorola, Na[tional] and RCA and a number of [users] will also be giving pape[rs, in]cluding Xerox, Hewlett Pa[ckard,] Marconi, CEGB and Ferran[ti].

Main object of the symp[osium] is to provide an insight int[o the] practical application of micr[opro]cessors and there will be p[apers] on device selection, softwar[e and] hardware development and [sys]tem testing. Key decisions [that] need to be made when emba[rking] on a project will be highlig[hted.] Intending delegates should [con]tact Barrie Nicholson, SER[T,] [...] Charing Cross Road, Lo[ndon] WC2H 0HP (01-240 1152).

اقتصاد الأعمال

HOME NEWS

..and tax Bill may hamper ..ourist industry growth

.. ARTHUR SANDLES

..IN'S FUTURE tourist ..pment may be seriously ..red by provisions of the ..pment Land Tax Bill, the ..h Tourist Board suggests .. annual report.

..d members are apparently ..ned that once the tax is ..l, plans to provide more .. facilities, and to extend .. accommodation, will be ..l on a substantial scale.

..ke manufacturing industry ..riculture, tourism is not ..ed for the provisions of the ..The new tax would, it is .. hit in two ways.

..hers and landowners would ..couraged from providing .. facilities — converting ..gs for tourist accommoda- ..r building golf courses, ..mple—because of the tax ..ould have to be paid.

..other impact would be on ..s who benefited from the ..Government grant scheme ..hotel building. Under the ..pment Tax valuations .. be reduced by any earlier ..ment grant. Thus a hotel ..wished to further develop ..ound its present building ..find that the valuation ..creased by any grant ..sly received.

..nenting on the Board's .. report in London yester- ..r Mark Henig, the chair- ..aid that Ministers had .. been told of the Board's ... "We expect it will .. tourist development by ..ivate sector across the ..country.

..seems particularly ironic ..r tourism policies, which .. proven record of job .., especially in develop- ..reas, may be set at risk ..islation which, in its .. form, fails to recognise ..'s claims to equal treat- .. with manufacturing ..es."

..ark added that Britain's .. is now worth nearly £4bn. a year, more than a third of which is in foreign currency and more than 80 per cent. of which was spent in England.

Sir Mark had some encouraging news for Britons lured back to the U.K. by economic pressures and the warm weather.

"They will find that the British holiday scene has changed a great deal since they started their annual excursions to the Mediterranean. There is much more high-quality accommodation available, both in the service and self-service sectors.

"Amenities and facilities for tourists have expanded and improved; there are many more well-developed things for them to do and see, in many more different places."

Hotels were criticised, however, for not displaying their charges. "We have had complaints from visitors that their final bill was considerably higher than expected," said Sir Mark.

"They suddenly found the expected bill swollen by 15 per cent. service charge and 8 per cent. VAT—and perhaps by the cost of telephone calls from their hotel room which would be much cheaper from the public call box in the lobby."

The Board regretted that so far it had failed to get statutory price notification in this country—which was surprising, in view of the Government's deep interest in consumer protection.

Terry Kirk

Sir Mark Henig, chairman of the English Tourist Board, who yesterday pressed tourism's claim for equal treatment with manufacturing industries.

U.K. CAR REGISTRATIONS

	JUNE				6 MONTHS ENDED JUNE			
	1976	%	1975	%	1976	%	1975	%
Leyland	23,398	23.70	32,787	32.58	189,105	27.14	209,975	32.14
	27,093	27.45	23,819	23.67	186,541	26.77	133,547	20.44
	7,756	7.86	6,125	6.09	46,402	6.66	55,867	8.55
	9,272	9.39	8,238	8.19	61,758	8.86	48,274	7.39
..itish	62,260	63.07	68,961	68.52	450,765	64.70	436,998	66.88
	5,169	5.24	5,452	5.42	35,104	5.04	38,976	5.97
..ai	2,869	2.91	3,788	3.76	23,000	3.34	24,962	3.82
	3,827	3.88	4,230	4.20	30,151	4.33	32,121	4.92
	4,032	4.08	3,030	3.01	22,472	3.22	20,039	3.07
..panese	9,373	9.50	8,542	8.49	63,371	9.10	60,541	9.27
..C (excl. U.K.)	23,523	23.83	19,254	19.13	158,414	22.74	132,445	20.27
..omecon	1,584	1.60	1,812	1.80	9,695	1.39	9,699	1.48
..ports	36,450	36.93	31,683	31.48	245,921	35.30	216,380	33.12
	98,710	100.00	100,644	100.00	696,686	100.00	653,378	100.00

Fourth U.K. oilfield in North Sea comes on stream

BY RAY DAFTER, ENERGY CORRESPONDENT

THE AMOCO exploration group has started to produce oil from the Montrose Field, the fourth find in U.K. waters to be brought on stream. Total development costs are expected to exceed £110m.

Oil is being loaded into a moored tanker from the first production well. It is expected that output will build up to an average rate of about 50,000 barrels a day by early 1978 as successive wells are drilled.

Montrose was discovered in 1969, the first oil field to be found in British waters. It has been developed by Amoco (U.K.) Exploration, as operator for the offshore group (30.77 per cent.); British Gas Corporation (30.77 per cent.); Amerada Petroleum Corporation of the U.K. (23.08 per cent.); and North Sea Inc. (a subsidiary of Texas Eastern Transmission Corporation) (15.38 per cent.).

Mr. Anthony Wedgwood Benn, Energy Secretary, yesterday congratulated those involved with the project. "Your achievement is good news for this country's economy and takes Britain further *along the road towards self-sufficiency in crude supplies.*"

Peak output

The Minister added: "It is another example of successful British State participation in offshore oil development."

The field, lying some 130 miles east of Aberdeen, has estimated recoverable reserves of about 180m. barrels of oil. Peak oil production is expected to be about 60,000 barrels per day, equivalent to about 3.7 per cent. *of current U.K. oil consumption.*

Britain is already receiving oil from Hamilton Brothers' Argyll Field, Shell/Esso's Auk Field, and British Petroleum's Forties Field. Three further finds are due to start producing commercial quanities of crude this year: Mobil's Beryl Field, which also includes a British Gas stake; Shell/Esso's Brent Field; and Occidental's Piper Field.

Amoco said that the initial production stage on Montrose started on June 27 and that the system was now fully operational. Two Canadaian Pacific tankers, chartered on a long-term arrangement, will operate a shuttle service between the field's two single buoy mooring systems and the shore.

First cargo

The first of these vessels, the 72,000 dwt tanker Lord Mount Stephen, is now on one of the buoys taking on test quantities of crude. It is anticipated that loading will be completed in September to enable the first cargo of Montrose crude to be refined in the U.K. this autumn.

The field was discovered on September 1, 1969, and wells were drilled on blocks 22/18 and 22/17 to delineate its shape. Three possible production schemes were considered: development through a pipeline connected to a larger oilfield in the same area; the storage of crude in permanent tankage in the field; and direct loading into tankers.

Eventually up to 24 wells will be drilled directionally from the platform which will accommodate up to 98 drilling, production and support service workers. The platform support structure and flare bridge were built by UIE in Cherbourg and St. Wandrille, France. The prefabricated production and accommodation facilities were manu*factured in the U.K., the Nether*lands and the U.S., while the drilling rig was shipped from Australia. The launching barge for the support structure—the "jacket"—was constructed in South Africa.

New water plan studied

BY OUR MIDLANDS CORRESPONDENT

THE COUNTRY'S first operational pilot plant for recharging aquifers (natural underground reservoirs) with river water, costing up to £2m., could be given the go ahead if a £35,000 investigation by Severn-Trent Water Authority is successful.

The project is given added immediacy by the water shortage and the growing opposition to more reservoirs. This is making the storage of water in underground rock formations more attractive.

An operational pilot plant would abstract water from the Severn when it was running at high levels and pipe it to a selected aquifer. The water would be injected into the pores of the sandstone through boreholes for later use in dry periods for extra supplies and topping up river levels.

In the next year a number of small boreholes will be drilled to enable designs for a pilot plant to be made.

Labour row looms on overseas investments

By David Churchill, Labour Staff

A MAJOR row is likely within an important sub-committee of the Labour Party's national executive later this month over claims in a confidential Treasury document that overseas investment by British companies does not harm the U.K. economy.

The document presented to the financial and economic affairs sub-committee of Labour's NEC by Mr. Denzil Davies, Minister of State at the Treasury, also claims that companies' investment abroad adds substantially to the U.K.'s reserves.

But these claims are hotly disputed in a separate document to the committee—also confidential—prepared by Mr. Adrian Ham, until recently an adviser to the Chancellor of the Exchequer and now research officer at the National and Local Government Officers Association.

Members of the committee, chaired by Mrs. Judith Hart, MP, are expected to claim that the Treasury is attempting to "cover-up" the real potential loss to British manufacturing industry of funds invested abroad.

Left-wing Labour MPs and several trade union leaders have *consistently* argued in favour of banning investment overseas and instead putting the funds into British industry.

Mr. Davies' research document —believed to have been jointly prepared with the aid of Treasury economists — was requested by the sub-committee after an attack on British investment overseas by the Labour Party's research department.

The Treasury response outlined in the document is that U.K. direct investment abroad costs nothing to the balance of payments *because it is effec*tively financed abroad by funds companies retain for that purpose.

It presents statistics from the past five years which indicate that "there has been a net inflow and an addition to the reserves which, in each of the last two years, amounted to over £300m."

Mr. Ham's evidence to the committee, however, sets out to disprove "the extraordinary conjuring trick which allows the Treasury to claim that our investment abroad adds to reserves."

Using the Treasury's own statistics, he points out that "U.K. multi-nationals have apparently borrowed foreign currency for several years well beyond their actual needs for foreign direct investment." It is when these extra dollars are converted to sterling in the U.K. that the benefit claimed by the Treasury is felt.

Whitehall 'improves' control of councils

BY PETER HENNESSY

SIR IAN BANCROFT, permanent secretary at the Department of the Environment, claimed yesterday that central Government control over local government spending was "getting better."

In his evidence to the general sub-committee of the Commons Select Committee on expenditure, which is examining the Civil Service, Sir Ian said there were signs of a "more co-operative and more sharing approach" towards spending on the part of Whitehall and the local authorities.

It was encouraging that their joint forum—the consultative committee on local government finance—had earlier this year established so swiftly the possibility of local authority overspending in the current financial year and sought remedies for it.

Mr. Geoffrey Wardale, the deputy secretary who runs the DoE machinery for monitoring local government spending, said as councils were taxing authorities in their own right through the rates, central Government could only exert control on current spending by imposing cash limits on the rate support grant. It was arguable that this form of control was not as "meaningful" as it might be but the Government have decided to make the attempt.

Asked by Mr. Nicholas Ridley, Conservative MP for Cirencester and Tewkesbury, whether it would be possible to impose individual cash limits on the 521 local authorities in England and Wales, Sir Ian Bancroft replied: "It would mean Whitehall having powers to override the views of elected representatives."

Such a reform would have "interesting implications" in view of the recently published Layfield report which recommended that local authorities should have a greater say in raising their own finance.

Questioned about the value of "giant" Whitehall departments like the DoE, Sir Ian said the operation of his department had been a success. It took five years for a Ministry of that size to overcome the turbulence of reorganisation but the DoE was now in its sixth year. It would begin to reap the benefits of merging the Ministries of Housing and Local Government, Transport and public building and works given a period of reasonable stability.

The advantages of such conglomerate departments had to be set against the penalties: mergers should lead to more efficient policy formation, better Government decisions and a more effective reconciling of departmental priorities as, for example, between roads and housing; but there were penalties "of sheer scale in running a system rather than a family," Sir Ian said.

Court action begins over Felixstowe plan

BY OUR INDUSTRIAL STAFF

PROCEEDINGS were opened in the High Court yesterday by the Felixstowe Dock and Harbour Company to prevent the at one time agreed takeover by the State-owned British Transport Docks Board.

The Felixstowe Board, now controlled by European Ferries, is asking the Lord Chief Justice, Lord Widgery, to stop the British Transport Docks Board's promotion of a private Parliamentary Bill which has been given a third reading in the Commons and is before the Lords.

The basis of the Felixstowe Board's application is that a takeover deal made before European Ferries assumed control is now void and that the Parliamentary Bill implementing it ought to be withdrawn.

The Felixstowe Board agreedn last year to a takeover by the docks board but European Ferries moved in this spring with a successful counter-ibd to pick up a majority of shares. If the private Bill receives Royal Assent by November 15, ownership will be transferred to the British Transport Docks Board.

A day trip to France for £5

A DAY trip to France for £5 return is offered by P and O Normandy Ferries on its new Dover-Boulogne service.

Available on any sailing outward or return, the £5 fare is the cheapest of any ferry service allowing a landing in France. Duty free goods may be bought on board by day-trippers.

Children under 14 travel half-fare. Bookings may be made at the Normandy office at Dover's Eastern Docks.

Despite oil and gas wealth, Algeria has economic worries. **Paul Betts reports.**

Algerian development in doubt

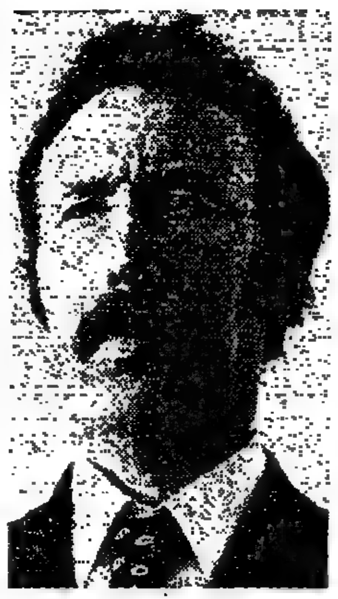
ALGERIA'S remote and austere President, Colonel Houari Boumedienne, is seeking for the first time since he took power 11 years ago a popular mandate to rule as the country's lawful head of state. Presidential elections will be held later this year, probably in October. And although he is likely to be the only candidate, his decision marks a departure from his form of totalitarian government.

The decision reflects the regime's profound anxieties about its plans to transform Algeria into an integrated industrial power by the mid-1980s or, in the words of one diplomatic observer, into "the Japan of the Arab world." It disguises too a growing awareness that the crash industrialisation may lead the country perilously close to bankruptcy.

Suggestions that the country is already too much in debt are generally met with swift and categoric denials by Government planners. They point out that although the country's foreign debt is expected to rise substantially this year, by 1980 Algeria's hydrocarbon reserves will be earning the country $10bn. annually. By the early 1980s, they add, these earnings will have secured the basis of Algerian industry. And by 1985—the 20th anniversary of President Boumedienne's regime—the country will be ready to move into its second phase of development.

The execution of this ambitious timetable hangs virtually exclusively on the speed with which the country can exploit its vast natural gas reserves, estimated at present by the State hydrocarbon concern, Sonatrach, at 4,000bn. to 7,000bn. cubic metres. The World Bank puts them more conservatively at 3,000bn. cubic metres. "As a relatively modest oil producer," explained Mr. Abderrahmane Remili, a counsellor at the State Planning Secretariat, "our development depends essentially on our gas resources."

Earnings from oil, which at present account for about 90 per cent. of Algeria's export revenue, would enable the natural gas projects to get off the ground. That, at least, was the view in 1973 when Algerian oil production reached a peak of 51m. tons. On the assumption that oil output would continue to grow Algeria decided to increase the total expenditure of the Second National Plan (1974-77) from DA54bn. to DA110bn. or £13.75bn. But cuts imposed during the Middle East crisis and the subsequent fall and stagnation of oil exports brought production down to 47.2m. tons in 1974. By 1975 it had dropped to 43m. tons. And although output this year, according to informed sources, will climb to 45m. tons (Algerian estimates put the total at 47m. tons, but include condensates) and creep slowly back to 1973 levels by the end of the decade, this is a far cry from the 1977 target of 59m. tons. The price too, edging around $13 a barrel, is still below the 1974 price of $14.



President Boumedienne

Bet

Algeria has therefore borrowed heavily to develop the gas industry. It will have to borrow much more during the next 10 years if it is to complete all the planned new liquefaction plants and pipelines, improve port facilities, and expand its LNG tanker fleet. Already it looks unlikely that it will win the "1980 bet"—the date set for economic take-off when gas would start to earn enough to guarantee the success of the industrial and agrarian revolutions. Officials admit that the gas programme is about 18 months behind schedule. But although LNG export contracts operating at the beginning of last month totalled 5.4bn. cubic metres a year, by 1980, if all LNG sales contracts approved or awaiting approval but not operating as yet come on stream, Algeria will be exporting some 48.6bn. cubic metres annually.

The liquefaction plants at Arzew in the West and Skikda in the East with an export capacity of 5.8bn. cubic metres can meet to-day's demand. However, if all the 1980 contracts become operative, Algeria must complete three new plants at Skikda and three at Arzew. A plant with an annual output of 10bn. cubic metres costs, at present prices, about $1bn. Furthermore, if the country goes ahead with planned LNG sales contracts with Saar Ferngas, Swisgas, Ferngas, Ruhrgas, Yugoslavia, and Canada, there will be a need for a further plant at Arzew and another at Skikda.

The first of the three new Skikda plants (on which Pritchard-Rhodes of the U.K. is working) is expected to come into full operation next year. The other two should be completed before 1980, and so should the first of the new Arzew plants. As for the other projects, business sources are sceptical whether they will be completed in time. Consequently, Algeria's LNG export capacity in 1980 would fall short of the 48.6bn. cubic metres target by some 28.1bn. cubic metres.

Even 20.5bn. cubic metres annually is regarded by some sources as optimistic. Apart from the money needed and the likelihood of severe technical difficulties, there is growing concern among investors and contractors to involve themselves in Algerian gas projects. Serious doubts have been cast since Sonatrach, last November, cancelled Chemico's contract signed in 1973 to build the first of the new Arzew plants on the grounds of poor performance. Originally it was hoped that the plant would supply El Paso National Gas of the U.S. with 10bn. cubic metres annually as from this year. Now another U.S. company, Bechtel International, has undertaken to complete the plant (reportedly left only quarter finished by Chemico) on the basis of a cost-plus contract valued at more than $300m.—a type of contract that foreign companies are increasingly insisting on in Algeria.

Liquid gas

Foreign companies which have previously been involved on Algerian gas projects also appear to be reluctant to take on follow-up contracts or new investments. And there are few signs that Algeria intends to operate a mixed economy in the hydrocarbon sector. The only one remaining company in this sector with a mixed State-private share holding in this sector is the gas liquefaction company of Camel (60 per cent. Sonatrach, 40 per cent. Conch International Methane) at Arzew.

With spending on industrial development at present accounting for 40 per cent. of Gross Domestic Product and with public sector companies running sometimes at only 30-60 per cent. of capacity, some Algerians are beginning to question the regime's programme. The Government admits that the concentration on industrial development has involved sacrifices in some sectors, notably housing. In most coastal towns which have had to absorb the continuing rural exodus there are slums and shanty towns.

Misgivings about the course the country is taking are perhaps most openly found in France among the Algerian immigrant community. The Algerian Government has been trying for some time to encourage the 50,000 or so skilled Algerians working in France to return to their native country. "We need their skills," an official in Algiers explained. "But so far our campaign has had little impact. Those who want to return are among the 400,000 others with no or limited skills who live in poverty and squalor in France. They are of little use to us and would only aggravate our unemployment and housing problems. And the skilled men we want are reluctant to come. We cannot offer them salaries comparable to those they get in France nor the sort of housing they demand. All we can do is try to persuade them to participate in their country's socialist revolution."

DAGGAFONTEIN MINES LIMITED

(Incorporated in the Republic of South Africa)
Company Registration No. T. 4822

CIRCULAR TO SHAREHOLDERS

Proposed Deregistration of Company and Notice of General Meeting

The company announcement which was published in the press on 18th May 1976, copies of wl were sent to registered shareholders, indicated that there were two major matters requi attention before steps could be taken to have the company deregistered. These concerned company's liability for anti-pollution measures and the disposal of its freehold property.

The payment, since 31st December 1975, of further amounts totalling R130 000 to the A Group Companies Pollution Control Fund, which administers all such contributions on be of the company in order to meet anti-pollution liabilities arising out of legislation, is conside adequate to meet the company's remaining liability for anti-pollution measures, and a certifi to this effect has been issued by the appropriate government authorities. It now remains the company to receive the necessary clearance certificate in terms of the Mines and Wo Act relative to the required measures taken by the company following the discontinuation mining operations.

The directors' reports in recent years have emphasised the difficulties experienced in endeavou to dispose of the company's remaining freehold of the farm Daggafontein No. 125 I.R. dis Springs, measuring approximately 801 hectares, portions of which are covered by old sli dams. As mentioned in the announcement published on 18th May, 1976, the company's ri to the slimes dams terminated following the relinquishment of the mining lease. In a comp announcement published in the press on 26th May 1976, copies of which were sent to registe shareholders, it was stated that as all previous attempts to sell this property at a reason price had been unsuccessful it was proposed to auction the property as one lot on Thurs *10th June 1976. The only bid* made at the auction was *one of* R50 000 by East Rand Gold Uranium Company Limited and the directors have since confirmed this sale. The mineral ri and rights to estate owner's share of licence and other monies in respect of the area sold been reserved to Daggafontein Mines and these rights, together with other similar rights h will be sold to the best advantage of the company.

The sale of the freehold property is subject to ratification by the shareholders of Daggafon Mines in general meeting, as required by section 228 of the Companies Act, 1973, as amen and a notice convening the necessary general meeting is attached to this circular. The relev deed of sale is available for inspection by shareholders at the registered office of the comp during normal business hours and will be tabled at the general meeting. Provided sharehol ratify the sale, arrangements will be made to effect registration of transfer of the property the name of the purchaser.

After the transfer of the property has been registered and the purchase price paid to the comp and after the remaining mineral and other rights (already referred to) have been sold, directors will be in a position to consider the question of any final distribution to sharehol by way of a dividend and thereafter to proceed with the deregistration of the company. S June 1975 shareholders have repeatedly been advised that there is little prospect of any fur dividend distribution to shareholders. Current indications are that if a final distribution possible it is likely to be less than one cent a share.

The interests of the directors and alternate directors of Daggafontein Mines in the contract the sale of the property are as follows:

The directors and alternate directors of Daggafontein Mines hold no beneficial interest shares in the company.

The following directors and alternate directors of Daggafontein Mines are also direc or alternate directors of East Rand Gold and Uranium Company Limited (Ergo). J. Edmeston, D. A. Etheredge, D. B. Hoffe, G. M. Holford, W. R. Lawrie, M. S. McCrum C. L. Sunter (alternate). These directors and alternate directors hold no beneficial inter in shares in Ergo, but they each hold non-beneficially one share in Ergo.

The following are the beneficial interests of the directors and alternate directors Daggafontein Mines in Anglo American Corporation of South Africa Limited (AAC), wh holds 508 shares in Ergo:

	Nature of interest	Extent of interest (ordinary shares)
J. G. Edmeston	Divisional manager	
	Option holder	2 000
	Member	5 000*
D. A. Etheredge	Executive director	
	Option holder	8 000
	Member	30 000*
D. B. Hoffe	Alternative director and manager	
	Option holder	7 500
	Member	15 000*
	Member	300
G. M. Holford	Assistant manager	
	Option holder	4 000
	Member	5 000*
W. R. Lawrie	Consulting engineer	
	Option holder	7 000
	Member	15 000*
M. S. McCrum	Manager	
	Option holder	2 000
	Member	10 000*
	Member	2 000

* Shares held under a share incentive scheme

In addition Mr. D. A. Etheredge and Mr. D. B. Hoffe hold non-beneficially 100 shares 1 000 shares, respectively, in AAC.

The following directors and alternate directors of Daggafontein Mines are also direc or alternate directors of Anglo American Gold Investment Company Limited (Amgo which holds 200 shares in Ergo: D. A. Etheredge, D. B. Hoffe (alternate), G. M. Holf (alternate) and W. R. Lawrie (alternate). These directors and alternate directors hold beneficial interests in shares in Amgold. However, Mr. D. A. Etheredge Mr. D. B. Ho and Mr. G. M. Holford each hold non-beneficially 500 shares in Amgold and Mr. W. R. Law holds non-beneficially 600 shares in Amgold.

The company's articles of association give the directors power to forfeit for the benefit of company any dividend remaining unclaimed for a period of five years from the declarat thereof. As shareholders will be aware, the last dividend (No. 76) was declared on 9th Decem 1971 and the amounts which have to date not been claimed by shareholders in respect of t dividend could thus not be forfeited by the directors until December 1976. It is expected th before the end of October 1976, the directors will have settled all the company's outstand affairs and will have made application to the Registrar of Companies for the deregistration the company. The directors therefore propose that at the forthcoming general meeting company's articles of association should be amended by the insertion of a new article number 131A. This article is required to enable the directors to vest unclaimed dividends in a Trus until such time as such monies are claimed, or are required in terms of the Administrat of Estates Act to be paid to the Guardians Fund administered by the Master of the Supre Court. The new article will also empower the directors to appoint the said Trustee as pay agent for any final distribution payable to shareholders.

Shareholders will also be asked to pass an ordinary resolution at the meeting which w authorise the directors to apply, when the company has no assets and no liabilities and n longer carrying on business, to the Registrar of Companies in terms of section 73(5) of t Companies Act, 1973, as amended, to have the name of the company struck off the Regis of Companies.

Notice is accordingly hereby given that a general meeting of shareholders of Daggafonte Mines Limited will be held at 44 Main Street, Johannesburg, on Thursday, 5th August 1976, 10h30, for the following purposes:

1. To consider and if deemed fit to pass, with or without modification, the following resoluti as an ordinary resolution:
   "That the agreement dated 23rd June 1976, as submitted to this meeting and sign by the chairman of the meeting for purposes of identification, between Daggafonte Mines Limited and East Rand Gold and Uranium Company Limited, in terms of whi Daggafontein Mines Limited sells to East Rand Gold and Uranium Company Limited t remaining extent of the farm Daggafontein No. 125 I.R., district Springs, measuri 801,1023 hectares for an amount of R50,000, of which 10 per cent. is payable again signature of an agreement of sale and the balance against registration of transfer of t property into the name of the purchaser, is hereby ratified."

2. To consider and if deemed fit to pass, with or without modification, the following resoluti as a special resolution:
   "That the company's articles of association be amended by the insertion after the existir article 131 of the following new article numbered 131A:
   '131A Upon a resolution by shareholders in general meeting authorising the directo to apply for the name of the company to be struck off the Register of Compani in terms of the Companies Act, 1973, as amended, the directors may nominate a Truste or Trustees as paying agent for any future dividends and may pay to such Trustee o Trustees for distribution to shareholders in accordance with their rights the full amour of such future dividends, and may also pay to such Trustee or Trustees all amount unclaimed in respect of dividends not forfeited pursuant to the provisions of Articl 131 of these presents, to be held by such Trustee or Trustees for the benefit of th persons entitled thereto until the said amounts are claimed by such persons, or unt such amounts became liable to or qualify for payment into the Guardians Funds i accordance with the provisions of the Administration of Estates Act. Upon paymen to the Trustee or Trustees pursuant hereto, the company shall be absolved fror all or any claims which any shareholder may have had in respect of such dividend and the said shareholders' rights shall thenceforth be confined to making claim upo the said Trustee or Trustees or the Guardians Fund as the case may be.'"

3. To consider and if deemed fit to pass, with or without modification, the following resolution as an ordinary resolution:
   "That when the company has no assets and liabilities and has ceased to carry on business the directors are hereby authorised to apply to the Registrar of Companies in terms o section 73(5) of the Companies Act, 1973, as amended, for the name of the company to be struck off the Register of Companies."

The reason for proposing the special resolution is given in the circular and its effect is apparent from the resolution.

The head office and United Kingdom transfer registers and registers of members of the company will be closed from 30th July to 5th August 1976, both days inclusive.

Holders of share warrants to bearer who are desirous of attending the meeting in person or by proxy or of voting at any general meeting of the company must comply with the regulations of the company under which share warrants to bearer are issued.

A member entitled to attend and vote at the meeting may appoint one or more proxies to attend, speak and, on a poll, vote in his stead. A proxy need not be a member of the company.

A form of proxy, which sets out the relevant instructions for its completion, is enclosed for the use of members who wish to be represented at the meeting.

By order of the Board
ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED
Secretaries
per J. E. Townsend
Senior Divisional Secretary

Registered Office:
44, Main Street,
Johannesburg, 2001

Postal Address:
P.O. Box 61587,
Marshalltown 2107
12th July, 1976

London Office:
40 Holborn Viaduct,
EC1P 1AJ

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LABOUR NEWS

[S]urvival of railways in doubt [P]resident tells NUR conference

[C]HRISTIAN TYLER, LABOUR STAFF, IN PAIGNTON

[R]AY unions' fury at the [Gover]nment's outline transport [policy] now in Green Paper [form] re-emerged yesterday [in a] warning from Mr. David [Bowma]n, the president of the [Nationa]l Union of Railwaymen, [that un]less the importance of [rail to] the British economy was [recogni]sed "we maye have to [scrap th]e bloody lot."

[Tho]ugh more of a rallying [cry th]an a threat of strike [action,] Mr. Bowman's comment [to the u]nion's annual conference [b]etrayed the frustration [which] has built up throughout [the] campaign to maintain [s]pending to keep the rail [ne]twork intact.

[At the ti]me as Southern Region [told th]e unions it was going [ahead] with plans to cut out [some] services, involving the [closure] of up to 30 stations. This [is part] of British Rail's short-[term ec]onomy drive, the bulk of [which h]as been agreed with the unions, but which has seen strong rank and file opposition particularly from train drivers facing loss of overtime earnings.

Suspicions

Of the wider transport picture Mr. Bowman said yesterday that the Green Paper could mean withdrawal of nearly half the passenger network. The document had largely confirmed the union's suspicions before publication in April. The NUR is to publish in the next few days its own response to the paper and Mr. Peter Shore, Environment Secretary, will be present for the big debate on the subject here on Friday.

Before then, however, the NUR will be deciding its stance on the 4½ per cent. pay limit due to operate from the end of this month. Looking forward to what could be a close vote when the policy is debated to-morrow, Mr. Bowman said the main reason why the special TUC Congress had voted massively for the policy had been fear that a rift between unions and Government would bring a General Election.

"There is nothing which frightens the workers of this country more—not even Auld Nick, the devil himself—than Maggie Thatcher as Prime Minister heading a Tory Cabinet."

He was sure workers would honour the 4½ per cent. limit as they had the current £6 limit. But he added: "The Government must be made to understand there is no prospect of any further social contracts while investments of billions of pounds are made abroad and British workers suffer cuts in living standards and severe unemployment."

If industrialists and financers continue to refuse to invest, then legislation would be necessary.

While Leyland recalls 3,000 workers, Lucas row lays off 1,800

BY OUR MIDLANDS CORRESPONDENT

BRITISH LEYLAND yesterday began recalling nearly 3,000 workers laid off at its Jaguar factory at Coventry after a week's strike by 80 press shop workers.

But at the Birmingham starter motor factory of Lucas 1,800 workers were laid off because of industrial action by 125 tool setters who complained of dilatory pay negotiations.

The talks were postponed for three days last week at the request of full-time union officers and last night management said negotiations would be resumed when the men worked normally.

The Jaguar press shop workers who walked out last week because nine men were trying to alter the shop steward representation and had transferred from the transport union to the engineering union, resumed yesterday.

Talks began on maintaining production while a possible enquiry is held.

The situation remains sensitive and further industrial action is not ruled out.

Bid to resolve Trico strike

TALKS between the Amalgamated Union of Engineering Workers and the management of Trico-Folberth, Brentford, to try to resolve a strike by 350 women workers are to resume, the company said yesterday.

Firemen's action halts 29 stations

By Our Labour Staff

THE NUMBER of London Fire Brigade stations not answering calls because of industrial action by firemen increased to 29 yesterday.

Members of the Greater London Council fire brigade committee met to review the situation but there was no immediate decision to seek Army assistance. In the present dry weather troops may eventually be needed to help fight grass and heath fires regardless of the dispute.

Both Thames fireboat stations were among those not answering calls yesterday. Besides the 29 stations completely out of action, between 30 and 40 more of the brigade's 116 stations were below strength.

A brigade spokesman said it was still meeting its commitments but "obviously with difficulty."

Council to sack most of direct labour unit

BY OUR NEWCASTLE CORRESPONDENT

SOUTH TYNESIDE Council plans to make 450 of the 600 men in its direct labour department redundant in the autumn because of lack of work.

Four unions involved are refusing to accept the redundancy notices and at a meeting in Jarrow yesterday the men decided to demonstrate at a meeting between the unions and councillors on Thursday.

The unions claim that council inefficiency has allowed council contracts to go to private builders. They are calling for an investigation into the running of the council's management services team and the direct labour force.

Size doubled

Representatives of the men will meet local MPs on Saturday.

The direct labour unit has doubled in size from 300 in 1974 and at one stage it was planned to increase it to 1,000 by the end of this year.

Redundancies have become necessary because of a drop in house-building and modernisation work but the council says it hopes that tenders submitted for jobs could yet bring enough work to stave off some of the redundancies.

Radio Trent Boycott call

MEMBERS OF the National Union of Journalists and the Association of Broadcasting Staffs mounted a picket outside Radio Trent, the commercial station in Nottingham yesterday.

They urged advertisers to boycott the service beacuse of a dispute over implementation of a pay and conditions agreement.

PARLIAMENT

MPs condemn actions in Uganda and Angola

BY JUSTIN LONG, PARLIAMENTARY CORRESPONDENT

Tory seeks ruling on 'test' for union MPs

THE SPEAKER is to rule to-day on a complaint by Mr Robert Adley (C., Christchurch and Lymington) in the Commons yesterday that a political fitness test being set by the National Union of Public Employees for its sponsored MPs was an abuse of the relationship between an MP and his constituents.

Mr. Adley asked the Speaker, Mr. George Thomas, to rule on whether this action by the union was a breach of Parliamentary privilege.

Mr Adley quoted from a newspaper report that six Labour MPs, sponsored by NUPE, had *to write a 1,000 word thesis on* trade union power.

The article said that the test had been devised by union officials after a decision to increase the number of sponsored MPs from six to twelve.

Mr. Adley maintained that this was a serious reflection on, and a threat, to MPs' freedom of activity and an indication of the power of union sponsorship and an abuse of the relationship between MPs and constituents who were not party to that relationship.

£9m. extra bill for Liverpool

A SPECIAL report to be presented to-morrow to Liverpool financial control sub-committee predicts about £9m. more than expected to be spent this year in running the city. This could mean an increase of at least 5p in the £ in rates next year. The current year is expected to end with a loss of £3.5m.

BOTH SIDES of the Commons yesterday united in denunciation of President Amin after the Government statement discounting the remaining hopes that Mrs. Bloch was still alive.

MPs recognised — as Mr. Reginald Maudling, from the Opposition front bench said—the Government's proper concern for British citizens still in Uganda.

But Mr. Ted Rowlands, Minister of State, Foreign Office, recounting the steps taken since Mrs. Bloch disappeared from the Entebbe hospital, was pressed repeatedly for further action to bring to justice those responsible for a "hideous and brutal crime"—Mr. Maudling's words.

The new Liberal leader, Mr. David Steel, urged the Minister to "make it clear that international opinion increasingly regarded the name Amin as synonymous with butchery and terror."

Mr Rowlands agreed that *international opinion would be* outraged. He promised that the Government would press "most strongly" that those responsible should be brought to justice.

But he pointed out: "We are in a very confused and potentially dangerous situation. We can't do anything to jeopardise the situation of over 500 British citizens in Uganda."

Tory and Labour Mps immediately contended that the Government should advise British citizens still in Uganda to leave. "As long as they are there, they are hostages to the sort of blackmail Amin is continuing to perpetrate," declared Mr. Geoffrey Finsberg (C., Hampstead).

From the Labour benches, Mr. George Cunningham (Islington S., and Finsbury) said we should no longer guarantee the safety of any Britons who did not now leave Uganda.

Mr. Rowlands maintained that British citizens would be fully aware of the situation. But a situation the Government was trying to avoid could be exacerbated if comments were made.

MR. TED ROWLANDS
"A confused and potentially dangerous situation."

When he was further pressed, the Minister said that advice was, of course, being given to individual citizens on the problems arising from the situation.

In his statement, he stressed that the Government was not satisfied with the results of any inquiries the Ugandans might have made about the disappearance of Mrs. Bloch.

There seemed little doubt that she was taken from the hospital on July 4 and that she was no longer alive. "In whatever circumstances Mrs. Bloch's death took place, the Ugandan Government must bring those responsible to justice," said Mr. Rowlands.

The Minister also rebutted what he called "misleading Press reports" that the Government had sent a message of condolence to President Amin about Ugandan soldiers killed during the Israeli raid at Entebbe.

In the course of many contacts with the Ugandan authorities after the hijacking incident, the British Government—like other Governments represented in Kampala—had expressed sympathy to the families of all the people killed in the hijacking incident. "These were not regrets to President Amin," said Mr. Rowlands.

Mr. Greville Janner (Labour, Leicester W.) said he had spoken to one of Mrs. Bloch's sons on Sunday and had been asked to convey to the Government the family's deep appreciation of help given to them, not least by the British Consul in Israel.

"They attribute blame in this to one man — President Amin without whom nothing happens in that country." The family wanted the Government to do its best to see if Mrs. Bloch was alive, or, if she was dead, to see that her body was returned to be laid beside her husband.

Mr. Rowlands said it would be offering cruel hope to say Mrs. Bloch could now be alive.

Mr. Andrew Faulds (Lab. Warely, E.) said: "The murder of an old woman in circumstances such as these is quite beyond the pale of civilised behaviour."

Nobody in the Commons had any time for the continuation of Amin's regime. Tragedies like this would continue until the major international injustice done to the Palestinian people was put right.

Mr. Rowlands said he would not go into the broader issues raised by Mr. Fauld's comment.

Mr. Hugh Fraser (C., Stafford and Stone) said Britain should make a resounding condemnation of terrorism at the UN Security Council. People felt let down by "one of the weakest Foreign Offices this country had ever seen."

Mr. Rowlands said criticism of the Foreign Office was unjustified. Britain would support any effort at the Security Council to condemn hijacking and international terrorism.

There were further expressions of revulsion — this time for the barbarity of the Angolan authorities — when Mr. Rowlands made his report on the execution of the mercenaries.

The Speaker ruled out of order, however, an attempt from the Labour backbenchers to get an immediate emergency debate on this issue, coupled with the situation in Uganda, particularly as it affected the security of British subjects.

But Mr. Maudling clearly expressed the majority view of the House concerning the executions when he said: "What we are faced with is simply judicial murder — not justice, but political reprisals masquerading as justice."

Innocence

Mr. Stan Newens (Lab., Harlow) urged the need to prevent the recruitment of mercenaries along with action to ensure they did not leave the country.

Mr. Rowlands pointed out that the committee under Lord Diplock, set up to inquire into the law on the subject of mercenaries, was expected to report in the near future.

On the trial of the mercenaries, the Minister agreed with the House that it was not a fair one. Any presumption of innocence had been absent. And much of the process and evidence was of a prejudicial nature.

"We do not accept that it has been established that being a mercenary is a crime having basis in international law," said Mr. Rowlands.

In spite of appeals from MPs, he discouraged the idea that financial provision could be made by the State for the repatriation of the mercenaries' bodies.

Such assistance could provide *a precedent difficult to follow,* the Minister suggested. Some 1,600 Britons died abroad each year, some in tragic circumstances. Once financial aid was given, it could create an open-ended commitment, Mr. Rowlands suggested.

A pay rise fails to please

BY JOHN HUNT

THE NEWS that MPs and Ministers will have to face the full rigours of the Government's £6-a-week pay policy just like all the other wage-earners met with a decidedly sour and subdued response in the Commons yesterday.

There was a distinct impression that MPs were privately seething at the arrangement but were forced to hold their tongues through fear of the wrath of their constituents if they dared to show their true feelings.

There was some attempt to pay lip-service to the proposals, but a decidedly carping note crept into most of the questions to Mr. Michael Foot, Leader of the House.

He hardly helped matters by a jocular reference to Mr. Callaghan's quip that MPs should "beware the Greek who comes bearing gifts." In this case, Mr. Foot came almost empty-handed.

Although the £6 a week would be granted to MPs, the £8,500 limit would apply just as it does to an executive in a private company. In calculating that limit, an MP's outside earnings would be taken into account — thus disqualifying many of them from getting a rise at all.

As Ministers already get more than £8,500, they will not qualify for the increase; but junior Government and Opposition Whips will get the rise if their earnings do not take them above the ceiling.

There was worse to come. Mr. Foot explained that the review body on Ministerial salaries and MPs' pensions had now reported and had recommended substantial increases in Ministerial salaries and some improvement in the pension scheme.

But these recommendations could not be implemented under the current incomes policy. No further action would be taken on the report until the incomes policy permitted it and even then, the Government was not committed to carrying out its recommendations.

Mr. John Peyton, shadow Leader of the House, gave no indication that the Tories found any cheer in the announcement. He pointed out that "these novel suggestions meant that MPs would now be paid at different rates for doing the same job and asked uneasily whether this was expected to continue indefinitely.

There was some ironic laughter when he protested that if Ministers were consistently underpaid the necessary talent would not be attracted to the front bench.

Mr. Michael English (Lab. Nottingham W.) seemed to think there should be greater equality of suffering. If the £6 a week increase would not be allowable for MPs' pensions, then neither should it be applied to the pensions of civil servants.

There were irritable shouts when Mr. Clement Freud—the Liberal MP who is also well known for his appearances on television ads—said loftily that it ill became MPs to be party to legislation for their own benefit while asking other people to show moderation.

"Tell us how much you are getting," shouted irate Labour backbenchers.

There were protests from Mr. Bob Mellish, former Labour Chief Whip and Mr. Edward du Cann, chairman of the Conservative 1922 Committee of backbenchers, about the hardship that would be caused to former MPs now on pensions.

Referring to the decision not to give Ministers an increase, Mr. du Cann saw something "shabby" in the new English habit of awarding less to those who accepted responsibility.

But Mr. Foot told him bluntly: "In my opinion, it would be shabby if the Government applied a different rule to Ministers than it applied to the rest of the nation."

Lonrho: Minister studies company law implications

BY JOHN HUNT

MR. EDWARD DU CANN, Conservative MP for Taunton, and a director of Lonrho, was strongly criticised in the Commons yesterday by Mr. Edmund Dell, Trade Secretary, who accused him of "lifting the confidentiality" on the inspectors' report on the company prior to publication.

Mr. Dell stoutly defended the report, and there was some scornful laughter from the Tory benches when he described it as being of "conspicuous fairness."

He agreed with Conservative *MPs that Lonrho had made a* valuable contribution to Britain's overseas earnings, but added: "I don't regard economic success as justifying any kind of behaviour."

Mr. Dell said that he was considering the implications of the report in the review of company law which was now being carried out. But he did not think that these considerations would be in time for incorporation in the Companies No. 2 Bill, now in committee stage in the Commons.

The duty of directors, which was the major issue raised by the report, was likely to be covered by legislation to be introduced next session as a result of the Bullock report.

Mr. Marcus Lipton (Lab., Lambeth Cent.) told the Secretary of State: "It is scandalous that while they are under police investigation, these tarnished tycoons of Lonrho should be considered fit to receive a £5m. interest free loan of taxpayers money for rescuing Brentford Nylons. While they may be experts at feathering their own nests, is it not possible to find someone of more repute to take over Brentford Nylons?"

Mr. Dell told him that this *was a matter for the Industry* Secretary, Mr. Eric Varley, and emphasised that one of the most important concerns was to save jobs.

Mr. du Cann asked that any further inquiries proceeding into the company should be expedited so that it could get on with the constructive work it was doing on behalf of people in Britain and overseas.

He said he had received a letter from trade unionists in Newcastle welcoming Lonrho's participation in Brentford Nylons.

In reply, Mr. Dell told him that he assumed that Mr. du Cann was referring to further inquiries now being made by the Director of Public Prosecutions. This was a matter over which he had no control.

Unfair

He added: "I deeply resent that you should have decided to lift the confidentiality which the company had been asked to observe before the report was published."

According to Mr. Teddy Taylor (C., Cathcart), there was a great deal of unfairness in this kind of Department of Trade inquiry when inspectors made what allegations they liked without risk of any legal redress and could then publish all the documents they selected.

Mr. Taylor said that much mud had been thrown at Lonrho, much of it wrongly, and it should be emphasised that the company had made a considerable contribution to Britain's overseas earnings, to the British exchequer and British influence in Africa.

From the Opposition front bench Mr. Terence Higgins, Conservative spokesman on trade, said his party wholeheartedly supported the free enterprise system, but this was balanced by the determination to ensure that company law protected the public. He thought the result of the inquiry which had been set up by the previous Conservative Government was fully justified.

Tory wants London to stay 'living city'

BY JUSTIN LONG, PARLIAMENTARY CORRESPONDENT

LONDON could be reduced to the status of an urban museum—filled with tourists but abandoned as a "living" city—unless urgent action was taken to solve the problems of the capital.

This warning was pressed upon the Government by Mr. John Hunt (C., Ravensbourne) when he called for positive steps to deal with housing, education, transport and employment in the metropolis.

Opening a debate on Greater London, Mr. Hunt accused the Government and Labour councillors at County Hall of accentuating London's particular difficulties.

The voice of London was going largely unheard, and unheeded, he protested.

Wales, with a population of less than three million, and Scotland, with a population of just over five million, each had a Secretary of State and question time allotted in the Commons. But Greater London, with a population almost as large as Scotland and Wales put together, had none of this sort of representation.

He called for the appointment of a Minister with specific responsibility for London's affairs, to ensure that the city's claims were voiced at Government and Cabinet level.

Mr. Hunt accused the GLC of lethargy over the 5,500 acres of dockland which "stood idle and neglected." He called for urgent action to redevelop the area.

From the Labour side, Mr. Robert Mellish (Bermondsey) said that both Conservative and Labour Governments in the past had acted on bad advice.

The belief that the South of England was so well insulated against unemployment had led to the spending of millions of pounds to attract industry out of London.

Government involvement in the problems of London's homeless, and of youngsters drawn by the bright lights, was now *essential*, Mellish added.

The only way to reduce council house waiting lists was to keep the present housing stock, but to build extra council houses for sale with 100 per cent. mortgages linked perhaps to building society funds. Lists would soon disappear, he claimed.

Sir George Young (C., Acton) maintained that London was being "bled white" to provide industrial blood transfusions for other parts of the country. There was a danger that London would be left only with firms that did not want to expand or which did not use new technology.

Mr. Ronald Brown (Lab., Hackney S. and Shoreditch) said the MPs of the capital should have the same access to Ministers as those representing Scotland and Wales. He called for the lifting of the embargo which "prohibited" advertisements to attract industry into London.

London should also be represented on the National Enterprise Board, contended Mr. Brown.

Man wins £575 for bright idea

THE BOOTS GROUP has made a £575 award to Mr. Roy Watson, an electrician from Nottingham for his idea of fitting probe switches on dispatch conveyor belts and increasing their efficiency.

The switches regulate keys which regulate tray destinations eliminating a former unsatisfactory process.

CRICKET/3rd TEST **BY TREVOR BAILEY**

Rain holds up England's defeat

ENGLAND'S INABILITY to contend with fast bowling was again shown in their second innings on the fourth day of the Third Test at Old Trafford.

After an opening partnership by those two old stalwarts Edrich and Close had put on over 50 for the first wicket, they crumpled before the speed of Roberts, Holding and Daniel. When heavy rain followed by thunderstorms stopped play they were in the hopeless position of 125 for nine. Only weather can now save them.

Edrich and Close resumed their determined and stubborn rearguard action against Holding and Roberts on an overcast day and the threat of rain, which came down at 12.05 p.m. and stopped play.

Both batsmen were not merely *passive, as they had been on* Saturday evening when 21 runs came in 80 minutes, but produced some positive scoring strokes, while the bowlers' line and length also showed a considerable improvement.

On resumption at 12.35 Daniel replaced Roberts and the 50 came up, but yet again this young fast bowler made the breakthrough by clean-bowling Edrich for 24. The Surrey opener had played and missed rather too often for comfort and might once have been caught in the gulley, but as always he fought every inch of the way.

Six runs later Roberts, who had taken over from Holding, captured two wickets in two balls. First he knocked out Close's off stump and then he brought one back sharply to trap Woolmer lbw for 0.

This meant that Hayes, who was already on a pair came in at 60 for three to prevent a hat trick. He succeeded and also got off the mark, while Steel once hooked Daniel for six, a bold heartening gesture. At lunch England were 60 for three, deep in trouble and their only real hope rain.

England: 71 and 125 for 9.
West Indies: 211 and 411 for 5 declared.

Steel's fondness for the hook once again proved to be his downfall in the afternoon. For the fourth time in the series he holed out off this shot, top edging a bouncer to fine leg with the total 80 for four. This suggests that he might well be advised to cut out this shot against real pace.

Greig, the England captain, who is having a wretched series with the bat and has not been over-successful with the ball, was comprehensively yorked leg stump by Holding while attempting to drive. And like most very tall men he does appear vulnerable against the fast yorker.

Meanwhile Hayes continued to play sensibly, but at 1.12 p.m. he lost two partners with successive balls from Roberts. Knott was caught in the gulley and Underwood, his Kent team mate, was caught in the slips for a pair.

This meant that for the third time in the match Roberts was *on a hat-trick. He should,* and could have had one, but Greenidge dropped Selvey in the slips to the bitter disappointment of both bowler and fieldsman.

Hayes' promising innings ended at 118 when he was unable to play down a ball from Roberts which lifted sharply. He returned to the pavilion for a not unimpressive 18 and Pocock fell to Daniel soon afterwards.

However, Lloyd was unable to win the match before tea as rain came down yet again. This time the downpour was very severe and no further play was possible.

At 6.25 the umpires abandoned the game for the day with England still needing 427 to win. The main memory of another disappointing day for England was a superb display of fast bowling by Roberts, who captured five for 37, the third successive occasion he has taken half the wickets in an innings.

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FINANCIAL TIMES SURVEY

Tuesday July 13 1976

Palm Oil

Tomorrow sees the launching of a new futures market in London in palm oil, with great hopes for its success in view of the growing importance of this vegetable oil in world trade and as an essential ingredient in a wide range of food products.

Contribution to world food supplies

THE RELAUNCHING of the London futures market for palm oil to-morrow, after the first contract failed to attract sufficient support, demonstrates the growing importance of this vegetable oil in world commodity trading. Because of the complexities involved, few people appreciate the size and importance of edible fats and oils in world trade and their vital part in helping to feed the world's growing population.

But this is in fact a huge industry, with world production around 50m. tonnes a year and annual exports near 14m. tonnes, most of which is a major source of earnings for developing countries, with prices ranging from $400 a tonne upwards. Of this total palm oil accounts for over 10 per cent. only at present, but its share is rising fast and is expected to reach 15 per cent. by 1980, if not before. In production terms palm oil is likely to be second only to soyabean oil by 1980 and is already the second most important vegetable oil exported.

It is certainly the fastest growing sector of the vegetable oil trade, with spectacular increases in world production since Malaysian rubber producers turned in desperation to an "alternative" source of revenue in the mid-sixties when competition from synthetic rubber was apparently threatening the whole future of the natural rubber trade.

As it happens those fears about natural rubber prospects have proved to be wildly exaggerated but as a result Malaysia has gained an important new source of export earnings and already has plans to double production by 1980 to over 2m. tonnes a year compared with less than 1m. tonnes produced in 1974 and only 400,000 tonnes in 1970.

Encouraged by Malaysia's success, other natural producing areas—Indonesia, Sabah and the Ivory Coast—are planning big increases in output. Indonesian production is expected to rise from 216,000 tonnes in 1970 to 525,000 by 1980; the Ivory Coast's from 52,000 tonnes in 1970 to 250,000 by 1980 and Sabah's from 27,000 to 300,000 tonnes.

Danger

These figures suggest that there is a distinct danger of heavy surplus supplies developing by 1980, but there is generally confidence that world demand for edible oils will expand with the growing population to more than meet the increased output and that in any event palm oil will be well placed to compete.

The big natural advantage of palm oil is that it is produced virtually all the year round once the tree reaches sufficient maturity and this means that its yield per acre of oil is far and away above any perennial or annual alternative crops. At the same time is produces a wide range of "by-products," including palm kernel oil, kernel meal for animal feeding stuffs and bagasse, that is used as fuel to provide energy for the processing plants.

Palm oil is also an extremely versatile product that not only competes with its natural rivals, like fish oil, tallow and lard, but nowadays is also very competitive with the soft edible oils, *including soyabean and rapeseed.* Perhaps the most conclusive sign of palm oil's rise in importance and competitiveness have been the recent protests from U.S. soyabean farmers about *low-priced* palm oil imports hurting their domestic markets and urging the U.S. Government to do something about this "unfair" competition.

Subsequent rumours have been circulating around of U.S. pressure to slow down the growth in palm oil production, but this hardly seems the right move in a world still desperately short of foodstuffs in many areas. It should also be mentioned that against the advantages of growing palm oil are the disadvantages that it requires long-term investment, as the trees do not start producing for some five years after planting, and the inflexibility of controlling supplies from thereon—unlike annual crops such as soyabeans where *production can be varied on a yearly basis.*

At the same time efficient production of palm oil is very much dependent on the provision of good transport processing facilities near the growing area, since quality deteriorates rapidly once the fruit is picked. Considerable expertise is needed as well in the processing of the *product to achieve the greatest* benefits, especially in view of the technical developments that have made vegetable oils virtually interchangeable in many uses from margarine to shortenings, ice-cream, cooking oils and soaps.

The recent decision by Malaysia to impose a reduced form of export tax on semi-processed palm oil products highlights other problems involved in disposing of surplus by-products and distribution difficulties in maintaining quality standards.

Marketing, of course, is a key factor in the success of any product and in palm oil it is especially important in view of the curbs on world trading imposed by various countries. For example, processed products tend *to attract import tariffs in the* main industrialised areas, including the EEC. The reduced export tax imposed by Malaysia is therefore to a large extent offset by the higher duty on imports compared with the duty-free import of palm oil itself as a raw material.

Equally important is the pricing policy. Until June, 1974, the price of Malaysian palm oil was fixed by an unofficial "pool" in London. But this was found to be too inflexible to meet market needs, particularly in view of the price movements in other competitive vegetable oils.

The technical developments allowing for much greater changeability between different oils also means that prices of individual oils, to be competitive, must stay in line, to a much greater extent. Nowadays the daily, or even hourly, *movements in the price of soya*bean oil futures in Chicago can influence consumers' attitudes on whether or not to buy palm oil.

For this reason moves towards price stabilisation are likely to be opposed strongly by the trade, which points out that the establishment of any kind of buffer stock scheme would be virtually impossible in view of the easy substitution of one oil for another. To control supplies of all the competitive oils is obviously neither practical nor advisable, in view of the preponderance of soyabean oil produced by the U.S.—the chief opponent of artificial price schemes.

In the new free market pricing of palm oil, as opposed to the previous fixed price quotations, dealers obviously play a greater role. But last year saw a number of financial problems as prices fluctuated unpredictably, and this has emphasised the need for a futures market to provide the financial insurance for dealers, as well as producers and consumers. At the same time the establishment of an effective futures market serves a double purpose as a pricing medium, so that a known price is established taking into account all the various factors influencing the price of any commodity.

There are great hopes that the careful planning by the Federation of Oil, Seeds and Fats Association (Fosfa) will mean greater success for the palm oil futures market in London, and encourage the opening of a similar futures contract in Kuala Lumpur. Dealers for one would greatly appreciate the arbitrage opportunities presented by trading in two markets.

At the same time it is hoped by Fosfa that the palm oil futures market will help revive interest too in the vegetable oils terminal contracts as a whole and pave the way for the planned launching of the proposed revised futures contract for soyabean oil as well. In any event it is felt that the new palm oil futures market will provide much-needed hedging facilities for anyone dealing in the edible oils trade and link up closely with the soyabean meal futures market that has now taken off after a relatively quiet start.

The big problem with any new futures market is attracting sufficient turnover to make the *contract viable* to take the size of volume required by the trade so that hedging sales or purchases do not have too great an effect on prices and thereby move the market artificially. For this reason it is hoped that speculators too will recognise that palm oil is another major commodity worth looking at in the same context as other food raw materials traded on the London commodity exchanges. Eventually the ambition is for palm oil to help establish the complex of markets for vegetable oil products, similar to the grain complex in Chicago.

John Edwards
Commodities Editor

WORLD VEGETABLE OILS PRODUCTION
(000 tonnes)

	1970	1971	1972	1973	1974	1975	1976	1980	1985
Cottonseed Oil	2,621	2,636	2,860	3,086	3,149	3,203	2,940	3,914	4,783
Peanut Oil	3,271	3,368	3,518	2,924	3,009	3,039	3,400	4,157	5,345
Soyabean Oil	6,066	6,238	6,719	7,362	9,173	8,105	9,810	11,761	13,221
Sunflower Oil	3,802	3,612	3,637	3,576	4,508	3,972	3,755	3,938	4,139
Rapeseed Oil	1,878	2,476	2,356	2,396	2,396	2,490	2,700	2,741	3,018
Sesame Oil	591	721	655	616	637	660	677	700	729
Safflower Oil	211	226	300	239	212	226	335	320	393
Olive Oil	1,245	1,452	1,559	1,445	1,535	1,379	1,640	1,716	1,882
Corn Oil	227	280	287	303	303	284	305	327	356
Coconut Oil	2,135	2,434	2,792	2,414	2,100	2,650	2,855	2,952	3,287
PALM KERNEL OIL	439	462	455	434	484	512	535	599	700
PALM OIL	1,715	1,907	2,143	2,250	2,594	2,869	3,174	4,500	5,530
Babassu Oil	85	72	107	105	105	105	96	118	130
TOTAL	24,336	25,884	27,388	27,070	30,205	29,495	32,222	37,744	43,503

EXPORTS OF PALM OIL FROM MAJOR PRODUCING AREAS
(000 metric tons)

Year	Malaysia	Indonesia	Zaire	Ivory Coast	Dahomey	Cameroon	Angola	Other Africa	Others	Total
1968	286	152	141	—	10	7	12	8	33	649
1969	357	179	125	2	12	6	11	12	10	714
1970	402	167	123	13	14	8	12	11	10	760
1971	573	216	112	39	16	8	11	20	5	990
1972	694	233	87	51	6	1	8	2	16	1,098
1973	797	260	70	55	9	5	4	—	30	1,220
1974*	900	290	70	65	12	13	9	—	16	1,375
1975†	1,035	325	60	95	20	—	17	—	40	1,592
1976†	1,145	360	48	114	28	—	22	—	46	1,763
1980†	1,835	420	—	170	60	—	40	—	60	2,585

* Estimate † Forecast
Sources: Commonwealth Secretariat, USDA, FAO, Unilever, Malaysian Statistics.

WORLD PALM-OIL PRODUCTION

Year	West Malaysia	Sabah	Indonesia	Ivory Coast	Zaire	Other	World Total
1970	403	27	216	52	201	816	1,715
1971	551	38	248	55	190	825	1,905
1972	659	72	269	93	190	860	2,143
1973	740	73	290	111	185	851	2,250
1974	942	88	351	145	174	894	2,594
1975	1,125	125	370	185	165	919	2,869
1976	1,350	150	396	174	168	936	3,174
1980	2,200	300	525	250	150	1,075	4,500
1985	2,600	375	725	300	125	1,300	5,525

PALM-OIL CONSUMPTION—MAJOR COUNTRIES
(000 tonnes)

Year	U.S.	U.K.	West Germany	Netherland	Other EEC	Japan	Iraq	India	Other	World
1970	64	162	116	70	119	40	66	0	105	1,715
1971	98	223	150	86	143	41	78	1	147	1,907
1972	196	308	151	105	181	55	82	1	168	2,143
1973	177	244	152	95	153	100	105	52	138	2,250
1974	187	296	133	96	150	115	125	53	276	2,594
1975	400	275	155	110	165	110	135	50	400	2,909
1976	525	300	165	115	200	120	145	25	525	3,224
1980	1,000	325	200	130	240	160	165	80	1,000	4,700
1985	1,125	400	250	150	280	200	200	125	1,125	5,525

How the futures market will operate

"IF THE new palm oil futures contract is not a success the trade simply cannot want a futures market." These words, spoken by a London trader who was instrumental in the designing of the new contract as well as the old one—which was a conspicuous failure—underline the pains which have been taken to ensure the maximum chance of success for the new market.

The original palm oil contract was virtually dormant from its opening at the beginning of 1974 till it was officially killed off a few weeks ago. After enjoying a brief period of limited activity the market gradually died on its feet through lack of interest. The designers of the new contract are fairly positive as to the reasons for the old market's failure.

"First," they say, "the contract itself was wrong for the market." The basic criticism was that it was too closely allied to the physical contract in which traders were already dealing. This meant that they saw little reason for involving themselves with the extra costs (deposits and margins) and complications of futures trading when they could hedge on the physical market at no extra charge.

Reverted

After a perfunctory flirtation with the new market they reverted to the old system of taking their place in a chain of sales and purchases, which began with the producer and ended with the final consumer. While the chain remained unbroken this approach provided adequate guarantees of healthy profits.

From the palm oil producer's point of view the original contract was unsatisfactory because of the strict quality control which was insisted upon. This meant that any sales made on the futures market could became an embarrassment should the physical oil tendered to the market prove unacceptable under quality restrictions which were even more stringent than those operations on the physical market itself.

The new contract has no fixed quality requirements but allows discounts for the buyer to compensate for fatty acid content in excess of five per cent. This system is similar to that used in physical trading so the vendor need no longer feel at any disadvantage when tendering to the futures market rather than the physical market.

The consumers' main objection to the old contract was the wide variety of acceptable delivery points. This meant that physical palm oil tendered against a future contract could turn up at any of several recognised ports—involving the purchaser in unforeseeable extra-costs and leading to unavoidable delays. The new contract specifies Rotterdam as the only delivery point so the buyer can know where he stands and make positive cost allowances for shipment of the oil to its final destination.

These were regarded as the two main barriers to success for the old contract but many relatively minor points also stood in the way of its full acceptance by the trade. However, the sponsors of the new contract feel confident that no possible effort has been spared in their attempt to iron out even the most minor difficulty. The London Vegetable Oil Terminal Market Association has, with the Federation of Oils, Seeds and Fats Associations, spent no less than 17 months gathering the opinions of traders on every conceivable detail of the contract.

Its promoters also feel that general market circumstances are far more favourable this time. At the time of the old market's inception the great commodities "boom" was in full swing and confidence was general. In these circumstances traders could be forgiven for thinking that they were in no need of the special sort of protection afforded by a futures market.

But the aftermath of the boom has changed the position fundamentally. A succession of financial failures among European palm oil traders last year led to breaks in the physical hedging chain which left a number of the surviving traders at the wrong end of costly contract defaults. Many traders—mostly non-specialist—who did not actually fail were nevertheless frightened out of the palm oil market, effectively eroding the broad market base which had previously made physical hedging a practical proposition. The more cautious attitude in the market has also made it difficult for the smaller trader to get business as producers and consumers have become increasingly reluctant to deal with firms not boasting an ultra-sound financial base.

Attitude

These new circumstances have served to persuade most traders of the need for a viable futures market in their commodity. And this attitude could turn out to be the most potent factor in favour of the new market as traders will see that it is in their own interests to make it a success.

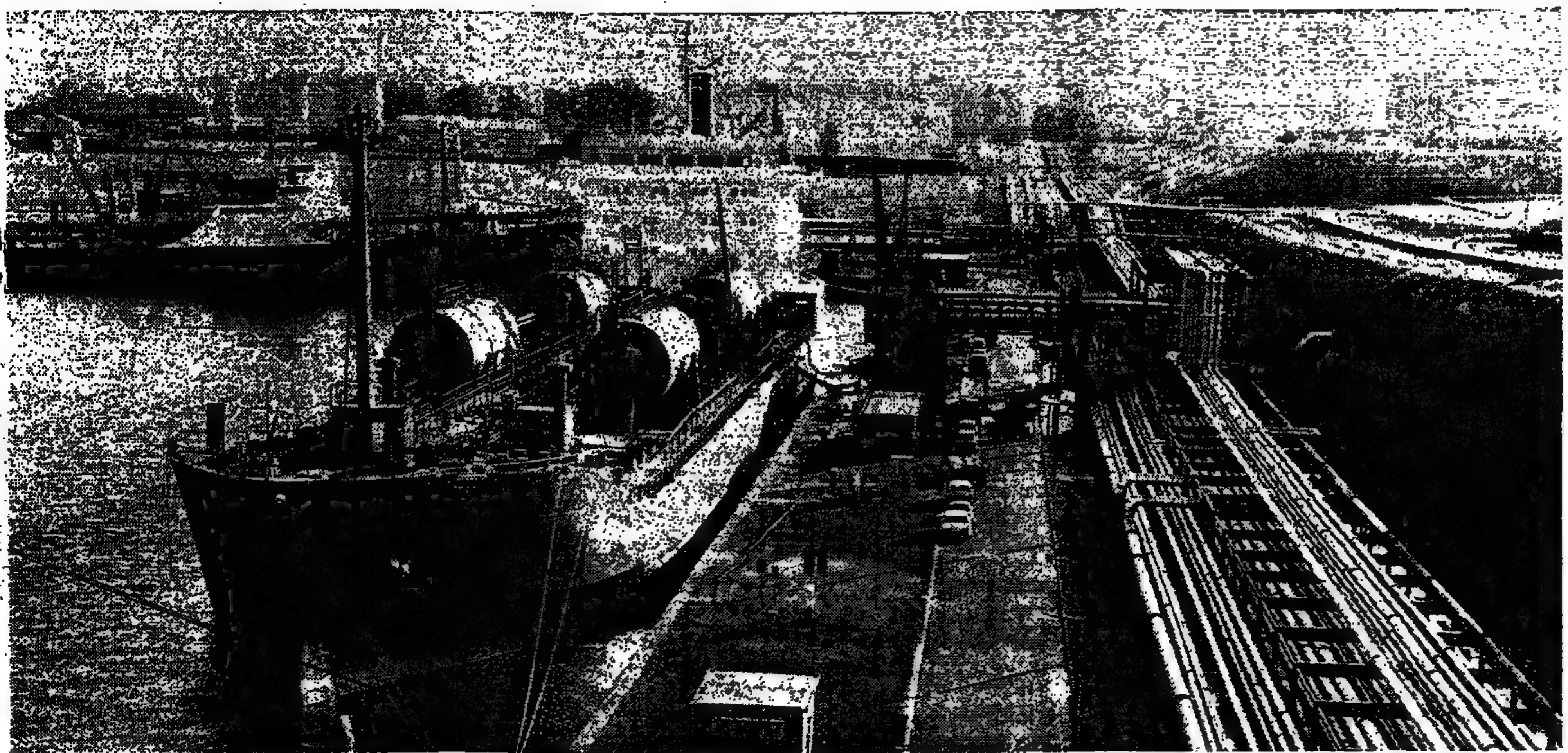
The case in favour of commodity futures markets is very well documented and this case is perhaps strongest for plantation crops such as palm oil. All commodity producers are effectively holders of a perpetual long position but for the palm oil producer the position is longer than most. Unlike seasonal crops, palm is a long-term investment. Once it is planted and production is established it is difficult to adjust output to any significant degree—let alone to stop it.

So for the palm oil producer marketing is a continuous process—and a strong futures market can ease his problems in this area considerably. There will be times when he sees *advantageous prices but has* insufficient physical oil to be able to cash in. At other times he may be forced to sell when prices are low because of lack of storage facilities. In this case *a compensating purchase* on the futures market will enable him to avoid losing out should price subsequently recover.

However, a futures market cannot operate with producers alone. The refiner is already adequately covered by his ability to balance his sales of refined oil against his purchases of crude—thus ensuring a fairly consistent refining margin. But the end consumer (the manufacturer of margarine, shortenings, soaps, etc.) has problems complementary to those of the producer. He will be able to use the futures market in the same way from the opposite end of the spectrum—selling on the futures market when he has been forced to make a high priced purchase and buying futures against his expected requirements when prices are low.

There is one vital ingredient still missing — the much maligned speculator. The role of the speculator, who has been described as "the yeast in the recipe for a successful market," can hardly be overestimated. It is he, as the professional risk-taker, who provides the extra trading volume — generally around *30 per cent.* in this country—which enables a futures market to iron out the peaks and troughs and hopefully encourage overall price stability. This function can be over-done—as has happened on occasions in recent years—but without it futures markets could not work at all.

Richard Mooney



The bulk carrier Post Enterprise discharging palm oil from Malaysia at Panocean Storage and Transport's Eastham terminal on Merseyside.

High yield but high cost

OIL is produced from t of the oil palm, *Elaeis* iis, in the world's trop- elt—principally in the st, Malaysia and Indo- nd West Africa. The tree e to West Africa and was ced into Malaysia as an ive to rubber. There is f strain of the palm in merica, and it has been o hybridise with the variety and so reduce ght of the tree in com- plantations.

laysia it is cultivated in or smallholdings but in there are a large pro- of groves of wild palms, it of which is harvested il farmers for sale to ills and for local con- n. In Malaysia and In- the cultivation is much tensive, and directed to

the farming point of is an intensive crop, ing high skill in man- t and considerable and investment. Setting elf-contained plantation ost-to-day, according to timates £14m. to £15m. for about 10,000 to 15,000 acres. This would include clearing and planting, and waiting five years for the first appreciable crop of fruit. Each plantation of such size would require a processing mill and this would absorb about 40 per cent. of the development costs.

In Malaysia, with its high rainfall and ample sunlight, establishment is rapid and fruiting is encouraged by artificially pollinating the flowers until the 8th or 10th year of growth. After that time it is generally believed that there is enough pollen floating around the plantations to keep production going. In any case after the 10th year the trees have grown too tall for artificial pollination to be carried out economically.

Continuous

Even where pollination is not practised, as in Africa, labour requirement is high, with about one man to ten acres for field work besides the factory and supervisory staff. Harvesting is continuous all through the year in Malaysia, average monthly quantities being about the same with some reduction in what passes for the tropical winter or in the event of a drought as happened recently. This means that all staff and the factory are continuously employed, and production is little affected by the vagaries of the weather as in the case of other edible oil crops.

The fruit ripens about six months after pollination and is probably best likened to a bunch of large plums. Cutting the bunches is a highly skilled job. If it is done badly there will be no regrowth on the fruit bearing frond. Once on the ground the fruit has to be transported to the mill without delay, or it will deteriorate and yield will be reduced.

Processing extracts the oil from the flesh of the fruit, leaving the skin and fibre, which is used to fire the factory boilers and generate electricity. The main by-product is the kernel, about the size of an eating chestnut, the centre of which is also crushed for oil.

Palm kernel oil, which approximates to about 20 per cent. of the output of palm oil, is more akin to coconut oil, and is generally classified as being non-edible, although modern processing can make it so. The tree will also provide palm wine which, on the occasions I have tried it in Africa, seemed to be a completely unappetising drink, needing at least the admixture of an equal quantity of gin to make it consumable.

Fertility

Although the fuel costs of the factory are minimal because of the use of waste products, palm trees demand considerable fertiliser, mainly nitrogen and potash, and occasionally phosphates as well. In high rainfall areas, particularly in Malaysia, soil analysis is done every year and often twice in order to monitor the fertility available for the crop. In Malaysia in particular I was very impressed by the lush dark green of the leaves which pointed to considerable applications of nitrogen.

By contrast the palms I saw during a visit to West Africa had nothing like the same evidence of fertility although they were on a modern plantation. For this the climate is probably responsible. Crop yields in Malaysia, at roughly two tons of oil an acre on the best plantations, are just about double those of Africa, where the law of diminishing returns operates against an over-investment in production. The average production life of a tree is 25/30 years and output is said to be predictable within quite narrow limits.

Although the best yields probably come from the industrialised plantations with access to capital and under strict managerial control, about 50 per cent. of Malaysian production is from smallholdings, which in that country have been remarkably successful in supplying the processing factories. There has been considerable expansion over recent years, assisted in some cases by development aid of various kinds.

Production in both Malaysia and Indonesia is confidently expected to continue expanding as the new plantations already planted come into bearing.

Unlike the majority of edible oil crops, such as soyabeans, groundnut or cotton seed, annual production is not so much at the mercy of the weather, and is not dependent on short-term cultivations as it has a constant harvest. Its heavy yield of oil per acre, even in Africa, far exceeds that of any other oil crop. But against this must be set a far higher capital cost for plantation establishment and a permanent labour force.

The consistency of production is also both a strength and a weakness. Crops like soyabeans and rapeseed can be planted and harvested mechanically in very large areas of not particularly good land. The seeds are easily transportable without harm, and they can be processed in mills which, like the machinery used for cultivation, can process other crops as can the land. A palm oil plantation on the other hand has to go on producing oil and kernels for the life of the trees. There are no viable alternative uses for the machinery or the labour. The palm oil therefore is dependent on constant demand at a viable price, and on sufficient labour because it must be one of the most labour-intensive of the edible oils to produce.

J. O. Cherrington
Agriculture Correspondent

Competition in edible oils

production of vegetable s risen spectacularly e last ten years—from nes in 1965 to 35.3m. in 1975/6. The most nt increase has been oil seed and olive oil hich rose from 15.9m. o 28.1m. tonnes. Over e period coconut, palm nd palm oil rose from nes to 5m. tonnes of e production of palm reased from 722,000 o 2,350,000 in 1975.

s in line with an FAO made in 1972 that production of palm oil would reach between 4 and 5m. tonnes by 1980 and illustrates the predictability of this crop unless disrupted by outside factors such as war or political disturbance.

The increase has been most marked in Malaysia and Indonesia. In Malaysia output has risen from 146,000 tonnes in 1965 to 1.135m. tonnes in 1975. In Indonesia the expansion is from 160,000 tonnes to 410,000 tonnes. West African production has remained roughly the same. Increased production in the Ivory Coast has compensated for a fall in output in Nigeria, due to the Biafran war, and in Zaire.

The bulk of palm oil production both actual and prospective in Africa is for local consumption and producers have a captive market to which they can sell without risking the world market. Only the Ivory Coast is a net exporter of any consequence.

Outside the Far East and W. Africa there is as yet no significant production of palm oil although there are now schemes for getting the industry started in Brazil and Central America where climatic conditions are suitable.

Dominates

Malaysia, including Sabah, dominates the export trade for palm oil with nearly 1m. tonnes in 1975 out of a world total of 1.8m. Indonesia with 200,000 tonnes and the Ivory Coast are the other significant exporters. It is already being predicted that Malaysian exports could rise to the 2m. tonnes level in another decade. But will there be a market?

Already American farmers have been putting pressure on the U.S. Congress to protect their soyabean production against imports of palm oil which, they claim, is likely to displace an increasing acreage of soyabean. Half-a-million acres of soya annually over the next ten years will be displaced if the planned increased production of Malaysia and Indonesia, the main producers, is allowed to enter the U.S. or world markets. So far the farm lobby has failed to secure a duty on such imports, but it is believed that Earl Butz, Secretary of Agriculture, has intimated to the governments of the two countries that they should ease off on their planned production.

U.S. farmers are particularly incensed because much of the expansion of palm oil production was financed as aid and loans through the World Bank and other sources with U.S. cash. They claim that as the U.S. imposes no duty or levy on palm oil any increased production is likely to compete with their soya. Present imports support their claim, having doubled from 200,000 tonnes in 1974 to 435,000 tonnes in 1975.

Of the other importing countries only the EEC showed an increase of any magnitude, about 90,000 tonnes or 15 per cent. Canadian importation has trebled but only totals 27,000 tonnes in all. There is no doubt that the market for all edible oils is well supplied and prices have fallen substantially over the levels of a year ago, although there has been some recovery lately. But whether this recovery can be maintained in face of the increased production of palm oil expected over the next 3/4 years is an open question.

Much will depend on the planting of competing crops, oil seeds, groundnuts and so on. Although these yield very much less than palm oil on an acreage basis growers have a very profitable outlet in protein material from the residues after crushing—cotton seed meal, soya meal, groundnut cake and so on. Trade in these materials is very good at the moment and the high price of proteins could encourage more planting with the return from oil being judged as less important. In fact a situation could arise where the returns from the protein residues alone was sufficient to make the crop profitable.

From this it would appear that in a competitive situation, with over-supply pushing prices down, palm oil producers would be at a disadvantage because of the inherently inflexible pattern of production and the lack of any alternative cropping.

On the other hand the planting of certain oil-seeds, rape, sunflower and soya, which represent two-thirds of non-palm production, is infinitely variable. They are alternatives to grain growing in a number of important producing countries—the U.S., Canada, Australia and Argentina. Farmers in these countries already use oil-seeds as break crops in a rotation, and should there be any serious decline in prices for grain, oil seed production is a very obvious second choice and one for which most arable farmers are geared up.

Vegetable oils made into margarine are directly competitive with butter. This is in considerable surplus in the EEC, and in over-supply in most other countries. The price of butter in the U.K. is likely to rise by about 40 per cent. over the next 18 months and it is generally expected in the trade that this will reduce consumption by anything up to 150,000 tons annually.

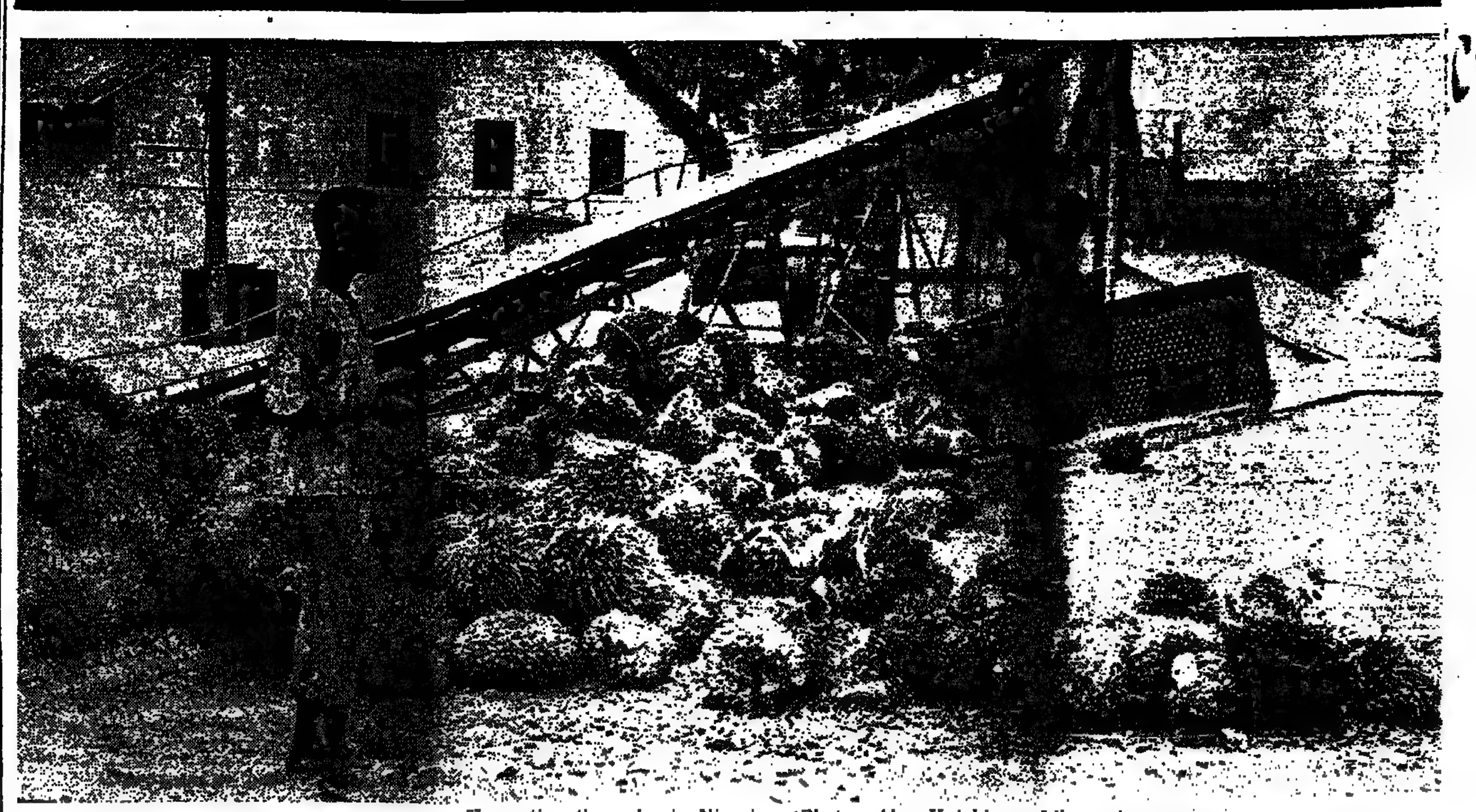
Fearful

This should be replaced by an equivalent or even larger quantity of margarine, if there is sufficient price differential between the two fats to induce the housewife to switch her preference. Being fearful of this, Community farmers, including those in Britain, are calling for a fiscal penalty on edible oils or magarine in order to bring its cost up to that of butter.

This issue has not yet surfaced officially in Brussels, but the EEC Commission has been left in no doubt of the views of farmers' organisations on this question. Bearing in mind past form when dealing with such things as the protein levy to try and clear the skimmed milk powder mountain, there is no certainty that the Council of Ministers would not act on these lines. It is also possible that the operation would be linked with a higher guaranteed price for EEC grown oil seeds.

This analysis accords with the findings of the FAO Intergovernmental Group on oilseeds, oils and fats at its Rome meeting in March. This indicated that demand for oils at 1975 prices was lower than availability of exports and that lower prices would persist until supplies were reduced or demand increased. Among the suggestions for dealing with this situation was one that planting of oil palms should be checked.

J.O.C.



Harvesting the palm in Nigeria. (Photo: Alan Hutchinson Library.)

Valuable food ingredient

THE TROPICAL heatwave in which Britain has basked this summer has had a number of unusual consequences. One indirect but none the less valuable consequence will be in the increased demand it will have created for palm oil—to the ultimate benefit of the producers of the raw material who would probably feel far more at home in the temperatures Britain has been experiencing in recent weeks than the majority of U.K. citizens.

As always, as soon as the temperature soared so did the sales of ice-cream. At home, in restaurants, cafes, parks and on the streets and beaches tons of ice-cream have disappeared down the nation's hot and parched throats in recent weeks. For the ice-cream manufacturers and retailers last summer's favourable sales figures have either been repeated or improved.

And because of the special British taste for ice-cream which has developed over the past two or three decades the sales boom has meant that a lot of vegetable oil, much of it palm oil, has been used in making it. Unlike other countries which prefer the richer type of ice-cream made with butterfat the British have grown to like their version which in the vast majority of cases is made from vegetable oils. This habit, which probably originated through the exigencies of wartime rationing, provides a valuable outlet for one of the food uses for palm oil.

But the uses for this extraordinarily versatile product in food manufacture are many and varied. Walk into any supermarket in the country and on practically every shelf there will be a product bearing the familiar "vegetable oil" inscription under the list of ingredients; and since the beginning of the 1970s a growing proportion of these products will have used palm oil as the main vegetable oil ingredient.

It is used as a valuable "shortener" in pastry making and particularly in biscuit making—which in view of the variety and quantity of British biscuits means again a valuable outlet for palm oil producers and for the purchasers and processors who turn the crude oil into the many grades of refined oil needed for different uses.

At both domestic and trade level the use of cooking oils has seen big increases over the past few years. Either packed in the small containers used in the home or in the big catering-sized drums, cans and bottles. Crisp manufacturers and the makers of other packeted snacks use large quantities of the oil and although it may not please the fish and chip purist who longingly looks back to the time when the battered fish and the thick soft chips came out crisp, golden brown from deep troughs of bubbling lard, vegetable oils are being used in more and more fish and chip shops and in the plethora of ready-cooked chicken and other food shops.

For youngsters who may never have sampled their chips fried in anything other than vegetable oil the taste will probably always be preferred to foods cooked in animal fat or fish oils. Food experts say that palm oil, for instance, imparts a characteristic flavour to foods during frying which is apparently due to the presence of carotenoids and that this flavour is perfectly acceptable to consumers.

Margarine

Probably the biggest use for palm oil in the food manufacturing sector, however, is in the various types of margarine on sale. Here again, with the inevitable increases in the price of butterfat—the major competitor in the yellow fats market—as the U.K. reaches parity with other members of the Common Market over the next two or three years, the opportunities for all vegetable oils must grow.

As butter becomes more expensive everyone in the industry is preparing for a fall in consumption. National food surveys have already begun to show a slight movement in this direction as the subsidies that have made butter so competitive in the market place have started to disappear.

With their incomes limited, consumers faced with all-round increases in food prices are naturally switching to the cheaper brands of the same foods or to any cheaper alternatives. In the world of fats this means a switch to margarine which may or may not be aided by the claims and counter-claims about the health reasons for eating one or the other. In any event it must mean an even bigger demand for vegetable oils like palm oil from the margarine manufacturers.

Other food manufacturers use palm and other vegetable oils in a variety of ways for making foods as diverse as lemon curd to canned sphagetti products, soups, sandwich spreads, gravy thickeners, salad creams, many types of frozen foods, chocolate, toffee and other sweets, and of course ice-cream where the texture in handling, processing, packing, keeping and eating, as well as the flavour demand ingredients of a peculiarly versatile yet dependable quality.

Human food apart, all vegetable oils have a valuable role in the complicated formulations of the animal feed manufacturers who have to juggle with the exact nutritional requirements of the various types of high performance farm animals the feed is intended for, plus the price, suitability, palatability and availability of the various protein ingredients that can be purchased.

Nowadays, with the nightmare of suddenly imposed export embargoes, international fishing disputes, labour disputes, natural disasters such as crop failures, changes in sea currents affecting fish supplies, on top of recessions, inflation price controls and other more familiar worries, it is no small wonder that feed manufacturers have to rely on electronic computers to identify the best and cheapest formulations. As fish and animal proteins become scarcer and more expensive and competition for vegetable proteins intensifies prolific crops such as palm oil should come into their own.

Detergents

There are, as well, many industrial but inedible uses for palm oil. Foremost among these is its use in the manufacture of soaps and detergents, which have always been a prime outlet for palm oil supplies. Not only does the manufacture of soaps call for large quantities of palm oil but also for the entirely different lauric oil which is contained in the palm fruit kernel and is sim[ilar to] coconut oil.

Vegetable oils [are used] in industrial p[rocesses such] as ink-making, leather goods ma[nufacture and] fluxes in the tin [...] industries.

From just one [...] obtain palm oil, p[...] protein meal fro[m the] kernal and baga[sse...] tion its most exot[ic] feature must sure[ly be the ability] to produce a pot[...] out the aid o[...] you need to do [is] to screw a bottle [into] part of one of th[e ...] few days later go [back and col]lect a bottle of si[...]

Describing how [...] Seychelles enjoy [...] from nature in a [...] Times travel [...] Jackman wrote: "[...] worth his salt h[...] toddy tree in the [...] sap, which drops [...] stems of the tree [...] 10 pints a day an[d ...] itself, is a head[y ...] vintage is measur[ed in ...] years. Mynah [birds ...] sometimes dip in[to the] containers, have h[...] fly straight into th[e ...] a few sips."

Pe[...]

Alternative crop for the plantations

RUBBER companies were planting oil palms in Malaysia as long as fifty years ago. But the real surge into the crop occurred in the mid-sixties and this can be put down to three basic factors. First, the gestation period of oil palms is somewhere in the region of three years, whereas on rubber the period to maturity is at least double that. The market is bigger and more widespread, and the world's appetite for vegetable oils is clearly on the increase. Finally, the rubber companies are looking to achieve a balance to offset the cyclical market in rubber.

The switch into oil palms has been carried out to varying degrees, but most plantations have tried, or are trying, to achieve a 50:50 split between the two. Guthrie, for example, had a breakdown of planted acres at the end of 1966 of 144,000 rubber to 28,000 oil palms. The current figures are 104,000 acres of rubber, against 82,000 of oil palm. Parity is expected to be achieved by 1980.

Others, like Kulim, went completely overboard and have replaced rubber acreage with oil palms to the extent that the latter is the larger of the two. In Kulim's case, brokers' estimates indicate roughly 14,500 acres of oil palms to 4,500 of rubber.

Highlands has split its 72,000 planted acres fairly evenly. In the Harrisons and Crosfield stable, Golden Hope has 26,000 acres in each—and a further 11,000 acres in coconuts underplanted with cocoa. London Asiatic is split 33,000 : 22,000 in favour of rubber; Pataling is 26,000: 17,900, again in favour of rubber.

By and large the move into oil palms has been a tremendously beneficial one, though some companies have been less than successful with the other diversifications away from plantations that have occurred out of the palm oil revenues.

The profit per mature acre of oil palms is far in excess of the profit on rubber, although the figures have swung violently at times in recent years. In 1971 the profit per acre was only £37: in the peak years of 1974 it was £270. In 1973 and 1975 respectively the figures were £113 and £184.

Processing

The transformation of rubber acreage into oil palm acreage has been neither easy nor cheap. In quite a number of cases the soil is simply unsuitable. But on the expenses side it is one thing planting oil palms and it is quite another processing the oil palm fruit. Most of the major companies have invested in their own plant and frequently this copes not only with that company's own produce but also that produced outside and bought in. Guthrie two years ago bought a further 18,000 acres of jungle, and planted exclusively oil palms. The company has just placed an order for a new plant to service this area costing some £2m.

Plantation Holdings, where the aim is to push the oil palm content up to 30 per cent., spent some £½m. on its own plant in 1972. A lot of its produce is sold to local fractionating plants where it is refined to produce margarine.

At the outset of the palm oil boom the companies actually sold through a pool headed by the Guthrie Corporation, which took a small percentage in the form of commission in return for its trouble. This became an area of some friction between the companies for a variety of reasons, but the pool was finally broken up by Restrictive Trade Practice Act considerations, as it was decided by the members of the pool that this did infringe the legislation. Now the companies go their own way as regards selling and marketing arrangements.

The establishment of palm oil as a major force in the edible oils markets is assured. The last annual accounts from Harrisons and Crosfield states: "It is interesting to note that world exports of palm oil in 1967 were only 496,000 tonnes compared with an estimate for 1976 of more than 2m. tonnes. Palm oil is thus now firmly established as a major force in world markets and the transition from an oil known only to a few traditional users to one which cannot be ignored by any buyer of oils and fats, has been much smoother than seemed possible ten years ago.

Although this is partly due to unexpectedly favourable market conditions during the past few years, the greatest credit is due to all those involved in this dynamic and fast-growing industry. There is perhaps no greater success story within the whole field of tropical agriculture."

The financial benefits of palm oil have not been lost on the Malaysian authoriti[es ...] made no secret of [...] they wish the ben[efits of the] crop to be kept a[t home. Al]ready a number of palm oil comp[anies have] switched domicile. [The] first to go was Ku[ala Lumpur] Kepong. Highlan[ds and Low]lands has already g[one ...] Far Eastern intere[sts ...] estimated to be ove[r ... per] cent mark. Kulim [...] to shift.

So far such move[s ...] with the approval [of the] authoritities, alth[ough they] have made it clea[r that] approval extends o[nly to] companies which h[ave ...] manufacturing int[erests ...] therefore no U.K. [...] This would appear [...] companies like Plan[tation Hold]ings and Guthrie, an[...]

There is always [...] of course, that the[re ...] an over-supply prob[lem which] could severely aff[ect profita]bility. A recent art[icle in the] Far Eastern Econo[mic Review] talks of the industry [...] of success and that [...] could outstrip consu[mption in] the 1980s." Howev[er ...] on an optimistic [...] author states that: [...] cheapest vegetable o[il ...] lowest level of price [...] palm oil has the ed[ge over its] competitors. On a [...] acre basis it is also [...] efficient oil seed."

In future, the co[...] is likely to be what [...] emerging crop is lik[...] In other words, the [...] will be looking b[...] palms to possibly a[...] to increase stability [...]

Keit[h ...]

هكذا صار الحل

The Management Page

EDITED BY JOHN ELLIOTT

Following Chrysler's record losses last year, car buying habits have swung back in its favour. **Terry Dodsworth** reports

Riccardo's path in the motor industry

IS ONE of the time-ured adages of *automobile* in Detroit that Chrysler hardest in a depression ses fastest in a boom. The 24 months has put this severely to the test. But nly America is witnessing it those seasonal revivals Chrysler's bankers pray uring a crisis. The com- s sales are rising again, rnings have shifted back the black, its borrowings been reduced, and its top xecutives, John Riccardo Eugene Cafiero, have ie names to be reckoned among the men who rule ica's car industry.

cardo, always regarded as gh man in Detroit, finally his name with his hand- f the crisis in the group's subsidiary last year. The s deal with the British nment, regarded by some commentators as an agree- which has imposed tough ions on the Chrysler ration, is seen very ently on the other side of Atlantic. There it was led as one of the most ntial triumphs any multi- al had ever brought off a national government. rdo, the fast-talking, hot- red "flamethrower" of it legend was presented as ster negotiator who had his group considerable rrassment.

nother tough cision

er the crisis in Britain, rdo, Chrysler's Chairman afiero, its President, made er tough decision to dis- of Airtemp, a loss-making conditioning subsidiary, involved a write-off of n. (£41.8m.). "We could" Riccardo, "have taken the way and let the company on and see if things oved. But our nature is run loss operations."

each of these important ures Riccardo and Cafiero were working to a tight plan *to tackle* the most prominent weaknesses in the corporation. This emphasis on cost cutting, the most characteristic feature of the last 12 months' work, has inevitably led to the conviction that their prime professional instinct is financial. In the motor industry that is not a particular recommendation: "product" men—that is, managers who like cars and have a flair for anticipating what the market wants—are much more favoured in top management.

In fact, like many generalisations, the image of Chrysler as a company run by accountants is very much a half truth. For one thing the company has always had a strong engineering tradition based on the inclinations of its founder, Walter Chrysler, and it still retains a reputation as America's most quality-conscious manufacturer—for example, it recently went over to electronic ignition ahead of its rivals. Secondly, neither Riccardo nor Cafiero regard themselves as fundamentally finance men.

Riccardo, it is true, started his business life as an accountant with Touché Ross. But most of his time at Chrysler, he says, has been spent in general management. His career eventually took him, six years ago, to the position of President, when he had to pull Chrysler out of a crisis similar to the one it has just faced, and from there to the chairmanship last year.

Cafiero, 49, has had even less to do with finance. Indeed, in the best traditions of American management he has had an extremely varied career, starting with a Mathematics and Psychology degree, going through a spell with a steel company, and a period with Ford as a manufacturing manager. The switch to Chrysler eventually ended up with a stint on the international side, and from there he moved to the Presidency. In between he took time off to rush through a two-year MIT management course in 12 months, and learned accountancy at night school. "*It is not a particularly difficult subject*," he says.

It is easy to see why together the two men make a formidable negotiating team. Riccardo, on the one hand, rattles out sentences like a machine gun: inevitably many people feel browbeaten by his remorseless torrent of words, and behind it all there is the hint of his famous abrasive temper. Cafiero, by contrast, speaks quietly and deliberately. He smiles a lot, but he clearly knows his own mind. "I never give orders," he says. "I try to persuade people."

The two men, both from Italian stock (like, incidentally, other prominent Detroit executives Pete Estes, President of General Motors, and Lee Iacocca, the number two man at Ford) occupy adjacent offices in Chrysler's head office in Detroit. Throughout the crisis in Britain last year, they worked as a team, slipping across the Atlantic at least six times in the company Gulfstream. By that time, after about a year in their respective jobs, they had a well-formulated idea of what to do with the group. They had decided on a ruthless drive to *cut out the perennial loss-makers*. (Contrary to some impressions Riccardo did not stumble into the confrontation with the British Government because of some unpremeditated comments at a Press conference.)

Riccardo refuses to say how damaging the closure of the U.K. subsidiary would have been to the group. But it is clear that while the company was prepared for the worst in Britain—"it was no idle threat" says Riccardo — the two men were keen to keep the U.K. operation going. The turning point in the negotiations appears to have been the U.K. Government's decision to pick up substantial losses this year and next. This allowed them to think about the means of assuring an on-going operation.

It remains true, as critics of the deal have pointed out, that British taxpayers' money is now being used to develop the technology for a new range of cars which Chrysler can put to use in other parts of its world business. But it is also true that, like the other U.S. car companies, Chrysler is loath to accept that a very large market like the U.K. — the third biggest in the EEC — cannot be made to deliver profits. More to the point, if the U.K. organisation were fully integrated within the rest of Chrysler's interests in Europe it would open up new possibilities for the group as a whole.

The key point here is that Chrysler has production capacity in the U.K. that could be useful elsewhere: indeed, already there are signs of the ways in which this could be used, since Simca, the French subsidiary, has been short of resources for much of this year. Arguments about capacity are scattered with pitfalls, and, of course, the influential CPRS report made out a convincing case that there is overcapacity in the U.K. car industry and in Europe in general. More recently, Mr. Estes of GM has admitted that Vauxhall is operating at only about half its potential, and clearly any expansion there might cut across Chrysler's competitive position.

Riccardo's answer is simple: Chrysler has trimmed down costs in the U.K. and that, to an extent, will reduce the overhead burden on the company's finances. At the same time no motor company likes to write off assets, which could be useful when the market turns up, because of the rapidly expanding cost of laying down new plant.

Chrysler, as Riccardo points out, is a considerable force in Europe. Its sales are about 7 per cent. of the total European *market, against General Motors* and Ford at between 10 and 12 per cent. In other words, taken as a European whole, Chrysler ought to be able to make as healthy profits out of the region as its larger competitors — last year, Ford's results would have been very poor without the contribution from Europe.

Given these arguments, why did not Chrysler integrate more swiftly in Europe, as Ford has done? "We couldn't afford it," says Riccardo. "With the Government rescue plan we are given the opportunity to do what we wanted to do."

Questions remain, however, about Chrysler's use of its European resources. It is plain, for instance, that its main current problem is a shortage of front-wheel drive car manufacturing capacity. Indeed, Riccardo now admits that the company probably went the wrong way in developing the Avenger as a conventional-drive car five years ago, although at that time, he says, it was not at all clear that the European small car market would go so strongly in favour of front wheel drive. Although Ford and Opel have kept their options open in this market with successful rear-wheel drive models, in Chrysler's case the Simca front-wheel drive models, particularly the Alpine, now appear to have created a demand that cries out for further capacity.

Thus Chrysler has devised a strategy to put front-wheel drive capacity into Ryton in Coventry, and rear-wheel drive vehicles *into Linwood in Scotland*, starting with the Avenger and then introducing a new, Chevette-size car—the 424—next year. The thinking behind this model, says Riccardo, is that it will use a large number of present Avenger components. To the critics of the company this means that Chrysler could easily emerge with a hotch-potch of models and no clear strategy in the 1980s. But Riccardo sees the 424 as a short-cut into the hatchback small car market; and the carry-over between old and new models is one of the reasons why he dismisses the criticism that Chrysler's new model programme is under-financed.

There is nothing new in this policy of retaining components from model to model. General Motors in America was practising it in the 1930s, and, of course, uses an extraordinary amount of common components in its current models as well. But in Europe it has taken time to catch on (the new Rover, for instance, is virtually fresh from the wheels up), and even the U.S.-controlled concerns have taken time to develop this *approach on this side of the* Atlantic. The explosive growth in the cost of model development over the last five years, however, has pushed everyone further along the road to integration, and Chrysler is now following the innovations of Ford and GM in the use of common designs and components in their cars on a world scale.

Cafiero is now perusing this policy, and at the same time trying to rationalise the component range. In the U.S. he started last year to itemise every part used in the group: already this had taken about 7,000 parts out of a range of 100,000, against a target of a 25 per cent. reduction, and he is extending the programme to Europe.

He has two other main prongs to his policy for revitalising the group. The first, on the international side, is to seek out the markets in which Chrysler can be a major force. Although he does not spell it out, there may be some suggestion here of further divestments: he implies he is only really interested in markets where Chrysler is—or can be—in the top two or three positions. As a former head of Chrysler's Mexican operations, Cafiero has a considerable interest in the international aspects of the business. He believes that the opportunities *for expansion could be greater* overseas: to raise the company's market share permanently in the U.S. would demand a massive investment in capacity and a correspondingly large risk; overseas growth may be less expensive.

The second prong in Cafiero's action programme is directed at the U.S. There is no doubt that at the moment, with its market share rising from 15 per cent. to 16 per cent. in the last six months, Chrysler's heavily criticised model policy is paying off. There has been a swing back to larger vehicles this year, just at the time when Chrysler introduced two new models, the Volare and Aspen, in the compact (European Granada-size) class: these vehicles are selling strongly, and suddenly Chrysler's policy of staying out of small cars seems vindicated. In the longer run, however, no one doubts that federal fuel restrictions will force Americans to move towards smaller vehicles: and by that time Chrysler should have its first small model developed as a co-operative venture with its European companies. The company could not afford the investment in small cars any earlier, says Cafiero, and it needed to protect its traditionally strong position in the intermediate class. Whatever the faults in the past, Chrysler to-day has none of the embarrassment of American Motors and GM with huge stocks and short time on its small car lines.

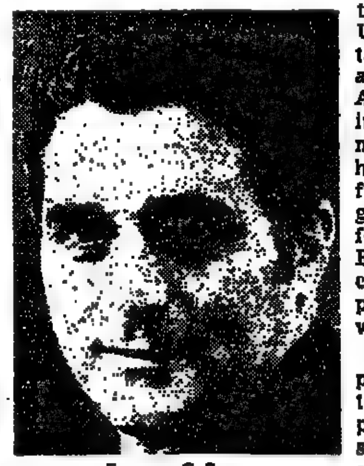
New small car developed

The new small car, the C2, developed from the present Simca 1100, will be Chrysler's answer to vehicles like the VW Golf and the Ford Fiesta. Like *the Fiesta, it will be sold in* America, but unlike the Ford model, made from the beginning in the U.S. as well.

The European model will meet Simca's need to protect its position in France (one of the Fiesta's prime target markets) and in Germany, where it is one of the leading exporters. But will it arrive too late? And will the European market by then be showing signs of saturation for vehicles of this kind? These are two of the main question-marks hanging over the European industry and Chrysler's own future. In the answer lies the key to many jobs in Britain, and judgment on the Government's *wisdom in rescuing the* company. For Chrysler it could mean the difference between success and ending up with no earnings to pay of the £90m. worth of debt it will by then owe the Government and the banks. But on that score Riccardo has no doubt: "In the 1980s," he says, "our programme provides for carrying the debts and paying them off."

John Riccardo

Chrysler has been slower than its rivals to *integrate its business in Europe, the reason* being that "we could not afford to do it," says John Riccardo, the chairman. He also admits Chrysler was probably wrong in not developing the Avenger as a car with front-wheel drive. However, with funds now provided under the Government rescue deal "we are given the opportunity to do what we wanted to do," he says.



Eugene Cafiero

OK REVIEW

J.S. pay policy failings

rnment, Labor and ation: wage stabilisation the U.S. Daniel Quinn Mills. cago University Press, 23.

RICAN experience with and price controls has used in evidence both by ders and by opponents of es policies in the U.K. Ir. Mills observes in his l study of past U.S. efforts is field, the aftermath of 971-72 programme, in particular, "demonstrates the capacity of government, with the assistance of private parties, especially the press, to generate a mythology of success regarding a programme which in fact had a somewhat mixed experience".

Mr. Mills shows that although there was some moderation of wage adjustments in 1972, it is not at all clear that this was due to the wage controls. Certainly the Pay Board reduced certain settlements below what they would otherwise have been (for example, the long-shore agreements), but against that the effect of the general 5.5 per cent. standard was to raise other settlements substantially above what they would have been; the general standard inevitably became the minimum. The Pay Board was terminated after only 16 months of operation and, in Mr. Mills' view, "there was little evidence of a substantial long-term impact of the stabilisation effort on the fundamental factors influencing wage inflation in the American economy".

Yet, Mr. Mills believes that Government intervention in price and wage decisions is likely to continue in the U.S. on a sporadic basis. There appears to be some popular support for the view that fiscal and monetary policy is not enough to control inflation and must be supplemented by wage stabilisation. "We may expect in this country," says Mr. Mills, "a centralised planning of the socialist States and the largely unfettered economy of our own past."

There are likely to be demands for some publicly announced "norm"—an approach which was tried unsuccessfully in the early 1960s. Mr. Mills thinks this approach might possibly be made more effective if the Government, instead of concentrating on wage rates, announced a target rate of increase for average hourly earnings and unit labour costs; it could then convene meetings with labour and management representatives, both generally and for major sectors separately, to discuss the application of the policy to their particular situations.

The general conclusion from Mr. Mills's analysis, however, is that *neither a norm, supported* by ad hoc intervention, nor a fully fledged, comprehensive system of wage and price controls are desirable or effective, except perhaps for short-term emergency purposes.

If the Government feels it has to intervene, it would do better to address itself to problems arising from the structure of collective bargaining in certain industries. Mr. Mills refers to the construction, retail food, maritime and printing industries, and to state and local Government, where these structural problems cause frequent industrial disputes as well as inflationary wage-price behaviour. "Government initiatives to encourage new methods of dispute settlement, better administration of fringe benefits and other advances in industrial relations would serve not only the direct purpose of industrial peace but would help achieve wage-price stability also."

Geoffrey Owen

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TUESDAY, JULY 13, 1976

The need for guidelines

YESTERDAY'S economic indicators, while confirming the strength of the economic recovery, provide little cause for comfort on inflation. On the one hand, the industrial production index rose from 102.0 in April to 103.1 in May; the index for manufacturing industry in the three months from March to May was 2 per cent. higher than the average for the preceding three months. The rise in production, moreover, is becoming more general, affecting consumer goods and investment goods producers as well as the intermediate industries. With de-stocking at an end in most sectors and with export demand providing a strong stimulus, these figures are in line with the Chancellor's recently revised forecasts of economic growth over the next 12 months: he expects the rise in industrial output in the year to mid-1977 to be about 9 per cent.

Optimistic

The wholesale price indices, on the other hand, suggest that the Government's inflation targets may still be too optimistic, even after the revisions made in the light of the fall in sterling. The index for all manufactured products in June was 14¾ per cent. higher than a year earlier, the same as in May; the rate of increase in output prices has thus levelled off after falling for twelve successive months. At the same time input prices rose sharply again, reflecting higher prices for imported commodities and semi-manufactures. The index for materials other than those purchased by the food, drink and tobacco industries increased by 10¾ per cent. in the second quarter of this year.

Quite apart from the effects of the fall in sterling, commodity prices have been rising in response to the general economic recovery in the industrial countries: the CBI warned last week of the possibility of another price "explosion" in commodities. It will be some months before the latest increase in input prices *works its way through to the* retail level. There is no reason to quarrel with the Government's *view* that the year-on-year increase in the retail price index will be around 12-13 per cent. by the end of 1976; this compares with 15.4 per cent. in May, the last month for which the figure is available. But what happens after that is more debatable.

The Government's present thinking is that the rate of inflation will be down to single figures by the late spring or early summer of next year and that by end-1977 the rate may be around 7 per cent.; this is on the assumption that there will be no further dramatic fall in sterling. An 18-month forecast is a hazardous exercise and there are conflicting views about how soon the quickening world recovery will put pressure on supplies not only of raw materials but also of industrial goods such as steel and chemicals, some of which were desperately short during the 1973 boom. Any over-heating of the world economy will rapidly affect price levels in the U.K.

What is clear is that if the Government is to give overriding priority to the battle against inflation, it must reinforce its success on the incomes policy *front with appropriate fiscal and* monetary policies. The planned reductions in public expenditure for 1977-78, which may be announced before the end of this month, represent a necessary step and one which, as the reaction of some trade union leaders shows, will test the persuasive powers of the Prime Minister and the Chancellor. But, important as this immediate cutting exercise is, the longer-term need for clearly stated guidelines for the growth of the money supply remains.

Restrictive

As long as unemployment remains relatively high, the opposition to these policies from the Government's own supporters will be strong. It is up to the Prime Minister to convince them that anything short of a highly restrictive posture on public spending and on the public sector borrowing requirement will *produce a new wave of inflation* and an even gloomier outlook for employment.

Politics should not intrude

NEITHER the Canadian Government nor the International Olympics Committee (IOC) have emerged particularly well from the confrontation over Taiwan. *The Canadians looked as if they* were putting considerations of politics and trade before the hosting of the Games, which of course they were. The IOC looked as if it gave way to blackmail, which of course it did.

Precedent

It is possible to argue that there were extenuating circumstances on both sides, but the basic conclusion that both sides behaved badly still stands. The Canadians say, for example, that they first raised the question of the form of Taiwan's participation last year, but that the IOC did nothing about it. They tried again in April and still the IOC did nothing. As the Games approached, it therefore became imperative for the Canadians to take the initiative—threatening cancellation rather than allowing Taiwan to be represented as the Republic of China. That is the Canadian version: it will be noted that it omits any explanation of why the Canadian authorities failed to keep prodding the IOC in the preceding months and, of course, it is wholly political. It assumes that because Canada recognises Peking there can be no case for admitting Taiwan as the Republic of China, even though that is how Taiwan is known in the Olympic movement. Sport does not seem to have been much mentioned.

The IOC version, in so far as it can be pieced together, is that the Committee wanted to stand up for a principle and was aware of the danger of creating a precedent, but concluded in the end that it was better to give way on the grounds that the majority of people wanted the Games to go ahead. This judgment of the popular will was probably correct, but does not dispose of the argument about precedents. If the downgrading of Taiwan may at least be said to correspond to international realities, it is possible to imagine other, future cases where giving way to political pressure would be intolerable: *for example, an attempt to exclude the Israelis.*

It is also clear that there was a failure of liaison between the IOC and the host country. If there had been better contacts between the two, it is possible that the dispute would have been settled much earlier or at *least that it would have* occurred early enough for the Games to have been transferred elsewhere, as Lord Killanin, the President of the IOC, said he would have recommended. This point too is relevant to the future. The host to the 1980 Games is the Soviet Union. It is on the whole unlikely that the Russians will seek to exclude particular countries; its attitude towards some Western media, however, is much less certain. It would be advisable to establish the ground rules early on rather than to find that the Russians can use their power as hosts to keep out some *organisations at the last minute.*

Spirit

If this means a new charter for the conduct of the Games, so be it. There is a great deal that could be improved. There could be some effort to reduce both the number of events and the costs. Above all, there could be a greater resolution to try once in a while to forget about politics. For, to return to the popular will, in a curious way something of the Olympic spirit probably does survive. Very few people like the build-up to the Games; the stories of construction workers on strike, television rights, hormone tests, "shamateurism" and threats of African boycotts have become a bore. Once they start, however, very few people can resist them. It is a case where the majority is right and where those Governments which seek to inject politics are wrong.

'Financial confidence has collapsed as industrial confidence revived.' **Anthony Harris** reports

The paradox of dear, but plentiful, credit

THE WARNING from Lord Seebohm that the present level of interest rates is already inhibiting industrial investment is a sharp reminder that there is no such thing as unalloyed good fortune. The unexpectedly sharp recovery in world markets, strongly reinforced so far as exporters are concerned by the decline of the pound, has stimulated a much livelier interest in investment. However, the weight of public sector demand for credit, and the effect of the public sector deficit on foreign opinion, have combined to drive the cost of funds beyond the reach of some potential industrial borrowers.

The symptoms suggest the crowding out of financial markets which has been so widely predicted in the City. But as Lord Seebohm pointed out, there is something odd about a situation in which interest rates remain so high when the market is flush with funds. Moreover most forecasters expect the company sector as a whole to swing into considerable financial surplus this year as profits revive ahead of investment, and *to be a supplier rather than a* user of funds.

The recently fashionable habit of thinking in terms of sector balances can be misleading, however. What is true of the company sector as a whole is not a generalisation about individual companies, but a sum of their very different individual demands; and the difference is never wider than at a time of rapid structural change. Export-led growth, of which we have little previous experience, is likely to be particularly capricious in its impact: companies leaning heavily on the home market may find themselves burdened with surplus capacity for a long time yet. Those better placed to exploit the rapid growth of such relatively new markets as the OPEC countries are nearly at full stretch. A general surplus of funds in industry is perfectly compatible with valuable investment opportunities going begging.

In a "normal" trade cycle interest rates would be low at this point, and no problem would exist. The authorities, which have tended to think in normal cyclical terms, have not therefore expected much of a problem *either* with interest rates or with the size of the borrowing requirement at this stage of the cycle. The game plan at the turn of the year called for large sales of Government debt on a rising market, as inflation rates and interest rates came down. Up to the beginning of March the plan appeared to be working very well, but then came a series of blows to confidence. Events in the exchange market, abetted by mismanagement, raised the spectre of a Latin American slide of sterling. A helpful wage agreement has been accompanied by unhelpful but realistic warnings about the difficulties of a third round. Finally, the economic revival itself has made the Government's financial stance look dangerously expansive.

In short, financial confidence has collapsed as fast as industrial confidence has revived, and it is this unfortunate contrast which has produced the paradox of dear but plentiful credit. The first stage of an answer is obvious, and has already been adopted in principle: a cut in public spending will engender confidence, reduce public sector demands on credit markets, and accommodate the unexpected growth of demand due partly to the slide of sterling. The difficulty is how to find cuts big enough to carry financial conviction without putting an impossible strain on the agreement with the unions. There is a great danger that the final decision will satisfy no one, leaving sterling persistently weak, the incomes agreement fragile, and industry much where it was before.

Some estimates now circulating—notably the figures leaked a week ago from the EEC Commission—suggest that the Government is partly to blame for the crisis of confidence because it overstated its likely borrowing requirement at the time of the Budget. Suggestions for technical measures *range from two-tier currency* markets to indexed bonds.

The rival forecasts of the public sector deficit are not easy to judge. There are certainly some bullish factors: growth itself, leading to higher tax revenues; the rapid turnround in the financial performance of some of the nationalised industries; and a strong suspicion, based on their steadily declining borrowing, that the local authorities are making a rather better fist of controlling their own spending than they have chosen to tell Whitehall. Published estimates based on arguments such as these show the borrowing requirement reduced from the official figure of £12bn. to £10.5bn. (Wood Mackenzie) or even £9.3bn. (EEC).

Enormous errors

Unfortunately the solid evidence is not nearly strong enough to support such estimates. It is not strong enough to refute them, either, but at least the case for greater caution deserves to be stated. First, there is the inherent difficulty of making any forecast *of the borrowing requirement*—a difficulty of which the Treasury, which has regularly made simply enormous forecasting errors, is only too keenly aware. The deficit is the difference between two very large flows: with revenue running at £52bn., and expenditure at £65bn., an estimating error as small as 1 per cent. on each side can alter the borrowing requirement by nearly £1.2bn.

Most of the attention of the Treasury's recent critics has been concentrated on the revenue side: it is argued that the wage settlement will lead to bigger pay increases than were allowed for in the Budget, and that the disappointing progress against price inflation, due largely to the decline of the pound, will inflate revenue from indirect taxes. Finally, the more buoyant growth forecast now confirmed by the Treasury will improve matters further.

This is not a very impressive case. The Treasury estimates imply a rise of incomes by a little over 12 per cent., financial year on financial year: when it is remembered that there was a rush of settlements a year ago, just before the £6 limit was announced, it will be seen that this estimate is based mainly on the £6 settlements that have subsequently been made. It is only towards the end of the financial year that the new agreement will have much impact on income flows, one way or the other. If income *has been under estimated*, it is much more likely to be because of the higher growth forecast, resulting in an increase in employment and hours worked, than because of a significant under estimate of pay *rates*.

Almost exactly the same arguments apply to the esti*mates of* VAT *revenue*. What seems to have been forgotten in some quarters is that VAT revenue is proportionate not to prices, but to expenditure: unless there is a strong reason to suppose that money incomes will be higher than forecast, or that there will be a collapse of the savings rate, there is no reason to revise the VAT forecast, regardless of what happens to prices. Indeed, the impact of higher import and food prices on real incomes could leave less money available for VAT-able goods.

The acceleration of real growth, on the other hand, is a very different matter: it tends both to increase revenue and to reduce expenditure. A more buoyant economy will also help the Treasury to enforce existing or revised limits on public spending programmes not directly affected by rising activity, since the arguments for sheltering the potential victims of recession will be weaker.

The most that can be said with any confidence is that the acceleration of real growth makes it more likely that the Budget estimate of the borrowing requirement is too high rather than too low. There is at present a good case for guessing that it will turn out nearer to £11bn. than to the forecast £12bn., entirely as a result of faster real growth. If that is the figure which in fact emerges next April, it will mean that the Treasury estimates were uncannily accurate. Allowing for normal errors, a figure anywhere in the range from £10bn. to rather more than £12bn. would be consistent with what is now known.

It may be asked why financial analysts should expend so much effort revising what are inher*ently unreliable forecasts*. The reason is simply the inherent instability of the market in Government debt. When it is believed that both the funding requirement and the rate of inflation are under control, large sums of debt can be sold on a rising market. A loss of confidence: at home or abroad, makes funding very difficult. If monetary growth, as a consequence, begins to get out of hand, the difficulty is compounded, since a rise in short-term rates only encourages investors to remain liquid—a financial Catch 22 which has led in the past to explosive increases of M3 at a time when the authorities were trying to impose a squeeze. The greater the attention paid to monetary policy, the harder it is to achieve monetary objectives. In these unstable circumstances, a difference of £1bn. or so at the *margin of the funding requirement* can be absolutely crucial so far as confidence is concerned.

Attempts to prove that the borrowing requirement will this year be smaller than forecast—in sharp contrast to earlier years—are one way to seek a basis for confidence; those who advocate technical solutions have the very different aim of making the process of funding less vulnerable to swings of confidence. Three approaches deserve discussion: two-tier currency markets, designed to insulate domestic credit markets from foreign exchange crises; floating interest debt, which could be sold when interest rates were seen to be rising as well as when they are falling; and indexed bonds, designed to meet the uncertainty about future inflation rates rather than about future interest rates.

The main difficulty with two-tier markets is that they have a very limited capacity to absorb strain, but a very large administrative cost. As countries with such markets have discovered, leakages from financial to commercial become unmanageable gap between the two e rates becomes too gr 2,000 civil servants required to run quite a two-tier exchange mark economy as small as I It is not clear that th is cost-effective.

Floating rate

No such costs are in the proposals for ne of debt instrument. T posals simply recognise that fixed-interest presents very grave pr times when there is certainty about futu tary conditions. C have long recognised t term *finance* is through the equity which has a basis in re and the medium-term floating-rate facilities banks—or the roll-over term loans, which has effect.

The obstinate attac the authorities to fixe financing for the pub is very hard to under seems to be based on a distrust of the mark it is felt that the avai other forms of finar spoil the market for forms of debt; and a setting foreign holde ernment bonds.

One final suspicio officials in the Treasu Bank of England are of any developme would make it easier the borrowing re because it would r pressures on Mir *reduce the deficit* present, it can be ar the need to protect s reduce interest rat raising taxes which suaded the Governm This is surely over- the Cabinet decisio electorate does not v for a higher social v higher tax rates al that the public dem sources must be re consumers, as well ment and the balan ments, are to have economic growth.

Technical changes to cater for uncer produce stabler mo ditions would help t the financial parad tionary stagnation tends to make mone when it is plentiful. effective funding, attractive investm foreign holders, liqu *be reduced while cr* cheaper; but the re ment of restored co clear commitment t restraint, and a shar in the borrowing r — would remain They would simply achieve.

Lord Seebohm: are interest rates looking odd?   Mr. Denis Healey: a dangerous financial stance?

Pictures by Leonard Burt

MEN AND MATTERS

Search for a communicator

Two years ago the Bank of England set in motion a study — undertaken by a working party headed by Sir Eric Faulkner, chairman of Lloyds Bank and William Clarke, director general of the Committee on Invisible Exports—on how the City should present itself. The study concluded that the disparate City interests could not be represented by a single spokesman: rather there should be a City Communications Organisation which would act more in the role of "traffic policeman"—directing inquiries to where they could best be answered.

Even so, someone had to head the organisation, and that has, apparently, posed ever increasing problems. The original two approached (one of whom was Ian Morrison, ex-*Times* banking correspondent and now with the Inter Bank Research Organisation) turned the job down flat for one reason or another. To fill the gap Bill Clarke himself (also an ex-*Times* man) got on with the job of organising a "Communications Centre" which, conveniently, will share services with, and be next door to, his invisible exports committee in the Stock Exchange Building.

The idea now is that Clarke should hand over executive responsibility to someone else. The Centre will be installed in its new home on August 1, even though no one has yet accepted the job.

The most likely candidate for the job at the moment, I gather, is Brian Sharpe, a name which will be familiar to those who stay up to listen to the BBC's Financial World Tonight programme where he is the senior producer. Clarke would not be drawn on this point, but Sharpe admitted that he had been approached for the job.

That in itself is interesting, since on his own admission Sharpe is a broadcaster first and a financial/City man second. (Indeed Sally White, now the City Editor of the *Evening News* was previously brought on to the Financial World Tonight to *bolster the City experience on* the staff.)

Whoever finally gets the job it is intended that as executive director he will have an assistant plus a staff of four or five. The final choice will be important since the job definition is hazy, and under Clarke's over*all direction, the actual job* will be very much what the appointee makes of it.

Crazy days

Lager sales have been on the increase in this country for years, and in this recent hot spell have gone through the roof. But weather and changing tastes I suspect have a lot more to do with this than advertising campaigns which seem to get dottier and dottier. I am still baffled by the point of the ad for Heineken which *bills it* as the beer which refreshes the parts that other beers can not reach—I mean to say, who on earth wants a walking stick that suddenly starts sprouting branches and leaves anyway?

Unbelievably though, Kronenbourg seems to have gone further. One of the ads in its latest campaign claims, "It's given Europe more pleasure than the Folies Bergere, Bayern Munich, and Wagner put together." Anything, I would have thought, would give more pleasure than those three put together: it sounds like a nightmare episode of "It's a Knockout."

"Only fifty years behind now . . ."

Choice

I would be the first to agree that some U.K. laws end up being applied to purposes for which they were hardly intended, but Chile leaves us standing. The Automobile Club of Chile, which recently elected two directors, is being prose*cuted by General Rolando Garay* Cifuentes, officer commanding the Santiago zone. The charge is infringement of Military Decree 18 of September 14, 1973, which forbids any sort of elections in Chile.

Retail agent?

John Taylor, 31-year-old director of Tesco Estates, is leaving Tesco to join estate agents Leavers to head up their Scottish operation. Since Taylor has spearheaded Tesco's penetration into Scotland (in property terms) this is an apparently reasonable move.

Taylor himself, however, has wider ambitions.

He has been in property for 15 years, joining Tesco from agents Healey and Baker in 1970. He has therefore seen the retail property business from both sides of the fence and hopes to marry up his company knowledge with his agents' experience.

These days the development of retail sites involves planning difficulties with local authorities, or the Department of Environment—or both. Taylor therefore sees an opening for a middleman who can see the problem from both sides, and produce a package deal which would be acceptable to both the retailers and the planners, but which they would find difficulty in reaching themselves. (To give a simplistic example, an out of town site for a retailer could yield enough cash for a money-hungry local authority to build a much needed multi-storey car park, but it is doubtful whether *direct negotiations could pro*vide such a mutually acceptable solution.)

Therefore, although Taylor will be Scotland-based, he will be looking all over the country for such opportunities.

Frosty Smith

Smith will not lie down and die. After the various Rolls-Royce anecdotes I thought that the Concorde and the dance of the four veils would be the end of the matter. However, a reader brings me back to the Rolls-Royce angle with a (genuinely) true story. He noticed that a parked Rolls was dripping fluid, went up to the chauffeur, and pointed this out. "Thank you, sir," said the chauffeur, "but I do realise that I'm defrosting the fridge."

Observer

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Government White Paper on private pensions has aroused a storm among the Conservatives. **David Churchill** and **Eric Short** explain why

Pension participation and the unions

GOVERNMENT has de- considerable time and to considering how best ovide pensions and to or the private pensions ry. Its latest efforts ed in a recent White on member participation lisclosure. At least its — *Occupational Pension es—the Role of Members Running of Schemes* — d that it was dealing with er participation. Yet it d a storm of criticism the Conservative opposi- the employers and the ns industry.

reason for this reaction ot a last ditch fight to the paternalistic attitude was the hallmark of pen- rrangements for a long The pension industry has advocating increased pation by members in s for some time and the vatives, in their previous a arrangement had pro- a code of conduct for ers on this subject. The has come because the ment in the White Paper uated member participa- ith trade union participa-

proposals are that 50 per of all seats on all the running pension schemes ee, finance, administra- will go to representatives members of the scheme at the appointment of members will be entirely hands of the recognised ndent trade unions who nt the members of the n scheme. Non-union rs apparently have no n the Government's think- nd it was this disen- sement that has aroused pposition to the White

Government regards this al as a further major step in the process of bringing about industrial democracy, although Mr. Patrick Jenkin, the Opposition spokesman on pensions, called it a monstrous extension of trade union power. The intention of the Government is to introduce legislation based on the White Paper proposals during the next Parliamentary session and the depth of opposition suggests that a tough battle lies ahead. The Government, however, stated that it would consult with the TUC, the CBI and the pensions industry; so in theory at least there is still time for modification.

Workable

The basis of the Government's thinking on pension participation would appear to be that the most effective and perhaps the only way to achieve industrial democracy is through the trade unions. The White Paper states that the proposals are the ones which "appear to be the most comprehensive while retaining the maximum flexibility" and most likely to produce a "workable arrangement when embodied in legislation."

A survey of current practice of occupational pension schemes reveals that the procedure adopted by the nationalised industries conforms very closely to that given in the White Paper. Indeed, one could almost say that their systems could well have formed the blueprint for the Government's proposals. Certainly if the proposals are embodied in legislation without any significant alteration, the nationalised industries will need to make only very minor changes, if any, to their trust deeds.

Nevertheless, one has the feeling that the Government intends to legislate for the labour situation as it envisages it in the future rather than as it exists at present, and there are consequently a number of flaws in its logic. The first point of contention is that participation is to be confined only to *independent recognised* trade unions —a point of great significance. To be regarded as independent, a trade union has to apply to the Certification Officer—set up under the Employment Protection Act—who examines the claim based on a number of criteria including financial and other independence from the employer.

The other significant part of the Government's definition is *recognised* trade unions. Since the recognition procedures under the Act became law in February, there have been nearly 170 applications by unions under section 11 for help to force employers to grant recognition. Many employers, despite the union representing the majority of the workforce, are still refusing recognition.

In some companies recognition has been given to one union and not another. For example, ICI has recognised the non-TUC Association of Professional Scientists and Technologists as representing senior managerial staff but has refused recognition to Clive Jenkins' Association of Scientific, Technical and Managerial Staffs. Thus ASTMS would under the proposals not necessarily be involved in pension fund representation on one of the largest private schemes.

The Government and the TUC have both tended to play down the problems inherent in inter-union disputes which could well be extended to the area of pension fund representation. Indeed, the impression conveyed by the White Paper is that the trade union movement is a homogeneous unit, with any tiffs little more than storms in teacups. Mr. Stanley Orme, the Pensions Minister, blithely waved aside such matters in his Press conference introducing the White Paper.

All the administrators of the nationalised pension funds, when interviewed in a survey, stated that they had never suffered from inter-union disputes over member representation. Any rows took place behind closed doors.

The Occupational Pension Board, which investigated the problem of member representation, concluded that the situation was so complex and, that so many major schemes had 50-50 member participation with selection operating under a number of different systems, that legislation imposing uniformity was not practical. The Government has decided otherwise, with TUC blessing, one aim presumably being to force paternalistic employers to accept member representation.

This could be another major flaw in the Government's reasoning. It appears to assume that what will work for nationalised pension funds will work for all funds, and ignores that many major funds have established methods of appointing or electing members to trustee boards, usually with the approval of the unions concerned, and in which the unions have a role to play. These systems are suited to the particular company set-up and could well cause resentment from union as well as non-union members.

A further possible flaw is that the Government remains completely silent on whether the union representatives on the various boards have to be members of the pension scheme itself—that is employees of the company—or whether outside persons such as full time union officials could represent the interests of their members. This silence is strange since the White Paper's theme is that members' rights should be clearly defined.

With the nationalised industries the practice seems to vary. Some have full-time union officials as the members' representatives, others have employees or pensioners and the remainder have a mixture. The Government's policy appears to be to leave it to the unions concerned, thus providing a degree of flexibility in an area of otherwise fairly rigid procedure.

The White Paper also deals with the question of disclosure of information from the pension fund to members and their union representatives and proposes to legislate on this subject. If members have 50-50 representation then surely further legislation is unnecessary because if information is not forthcoming then the representatives have fallen down on their responsibilities.

Waste paper

One pension fund interviewed stated that until recently it automatically provided benefit statements once a year to members and that the waste paper baskets the next day were overflowing with these pieces of paper. Now it provides statements on request. The Government could well concentrate on making information available on request as a right rather than insist that it is provided automatically. The White Paper talks about members having the actuary's report available on request. No member is likely to ask twice for such a report unless he is an actuary himself.

The question must arise why the Government has not waited for the Bullock Committee proposals on industrial democracy, since it would appear that it has pre-empted the findings on pension funds. The answer given is that the matter is entirely different, and that the employers and the pension industry for once agree with the Government that it is a separate matter. But to outside observers the distinction seems blurred.

What is not clear is the reason for haste in bringing forward legislation on this subject.

The priority must surely be to make adequate pension provision in accordance with the Social Security Pensions Act 1975, and the White Paper makes clear the distinction between determining benefit levels and contribution rates—matters for negotiation between employers and unions—and the running of pension schemes. Many existing schemes ran for many years without member representation but provided high level pensions.

On the other hand, the Opposition should reflect very carefully what precisely are the dangers of union participation in the investment field. In theory, it could well result in demands for restrictions combined with massive investment in ailing industries. So far in practice, the member representatives, union or otherwise, have adopted a very cautious approach to investment. The latest report of the Mineworkers' Pension Fund, issued last week, reveals a very orthodox investment policy, including investment overseas, with no bias towards the manufacturing industries. The British Railways pension fund, with its controversial investment in works of art, does however have 50-50 representation.

In the end the main objection to the proposals must be that they associate the unions with pension fund management rather than the fund members.

Mr. Patrick Jenkin (left): monstrous extension. Mr. Stanley Orme (right): waved aside.

Letters to the Editor

...asion of ...AT

...The General Secretary, ...s and Excise Group ... of Civil and Public ...ts.

—I read with interest Churchill's article on vasion (July 8) and am ed by the information he ed. The members I ent form the great bulk cers employed on VAT ion and although I am a position to confirm the cy of David Churchill's my members in the field me that the figures he re not far from the truth.

n organisation we have, the inception of VAT, that to properly carry e collection of the full t of revenue due would numbers of staff in ex- f those so far provided. mbers are well aware of mber of under-declarations ders which they discover normal course of their and they are convinced y were given sufficient o do the job in greater they would find an even number. Unfortunately, id Churchill points out in t paragraph of his article, Government has taken a tic decision to arbitrarily spending on Civil Ser- anpower. In the case of ns and Excise this is a economy. We have no that the employment of er 2,000 staff at a cost of imately £10m. per year produce additional e approximating to per year. Indeed if this o be done the Govern- ould reduce the number likely to be lost within vil service by offsetting the cost of those jobs litional revenue collected.

ems ironic to my mem- at this Government who to represent the work- pulation would rather see ss of 35,000 jobs in the ervice, jobs which would main be filled by school , than ensure the strict ment of VAT collection. eatest immorality of VAT is that this is money col from the consumer and sed to line the evader's ocket.

Christie,
...leet Street, E.C.4.

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...Mr. J. Wilson.

—I was interested to learn 8) that £106m. has been paid to Customs and Excise alled VAT evaders. Doubt- is the responsibility of VAT people to search tly for these evaders and ppropriate action, even if attentions result in y, as was claimed at the ncras coroner's court in- iting the suicide of Mr. Constantinescu.

July 6 a VAT inspector her legally enforceable my home to examine my ccount. She admired the enjoyed a cup of tea, then ed me that I had under- VAT by about £82, spread ree years, 16 invoices and clients.

ust now raise appropriate es to my clients. Whether ay me immediately, later, at all, I shall have to send money to Customs and in my next return. On ce of it this is simply a nded nuisance, and cer- not a tragedy. If, however my clients decide to send me the money, they can immediately claim it back from the Customs and Excise.

The gross stupidity of this is nearer classic farce than anything I can think of, and I wonder just how much of that estimated £106m. "evasion" falls in the same category: that is, when all the evasions are called in and all the input taxes are balanced against output taxes will Customs and Excise end up with zero in this particular account? I suspect they will and that the whole exercise involves a shocking and avoidable waste of public and private money, time and resources.

John Wilson.
16, West Kensington Mansions, North End Road, W.14.

Credit control and debts

From The Chairman of Council, Institute of Credit Management.

Sir,—The letter from Mr. Woods, director general, Institute of Buyers (July 7), makes most welcome reading. One is however left to wonder as to the extent his members' intentions to keep to their purchase bargains by paying to terms, are confounded by their respective accounting departments, either as a result of deliberate company policy or simple inefficiency in their purchase ledger routines. It would therefore be interesting to know how many of Mr. Woods' members bother to monitor their purchase ledger performance when that performance can, and does, have such an effect upon a company's credit reputation and hence supply regularity.

Your survey "How British Industry Buys 1974" shows very broadly that by far the greater percentage of decision taking is outside the finance and accounting area and is in the hands of the purchasing officer. That being so, I suggest that many of the hopes expressed by Mr. Woods can in fact be achieved by his own members ensuring that their respective accounting departments operate to a purchase ledger routine which will allow them to comply with their bargains.

In the same issue is a further interesting letter from Mr. Forman in which he suggests that factoring will put a client on equal terms with the larger company with a sophisticated credit control department. This implies that factoring is basically a service of sales ledger expertise and a possible source of finance for the smaller company. It would be interesting to hear from factoring houses within the context of Mr. Forman's letter, something of the parameters on which they will factor a new client. They do not I believe regard themselves as a source of venture capital and do not welcome the small company desperately in need of their help but which cannot bring them a turnover of at least £200,000. In the same way one is left to wonder sometimes as to the extent that a factor's credit limit on a client's individual customer, deriving as it must from an assessment of available financial data, also bears an element of commercial risk on behalf of the client's product in the market place. Mr. Forman claims that factoring introduces greater professionalism into the credit control process, but in that respect I think he is perhaps assuming that credit control is synonymous with debt collection.

I suggest that the prime purpose of credit control (management) is to find ways and means of achieving a company's overall sales ambitions with each customer within the framework of available resources. This means sometimes taking a risk based more upon a customer's management skill and product competitiveness, than relying solely upon the liquidity ratio evidenced in the balance sheet.

W. Adams.
27, Clarence Square, Brighton.

The right policy

From Mr. M. McNerney.

Sir,—It is ironic that in his letter about life assurance commission, Mr. Palamountain (July 9) should so clearly identify two different situations and then confuse the two relevant factors.

The salesman of a life assurance company does act for the company and the broker does act for the client although this is a rather simplified assessment of the relationships between the parties. Nevertheless, if one accepts this distinction, two questions which any prospective policyholder should surely ask himself are: (1) Am I getting the right policy for my needs? (2) Is it with the right company? It is the distinction between these points which is clouded in Mr. Palamountain's letter thus: ". . . to know if the broker has any interest in recommending one policy rather than another company's."

The debate on commission is an attempt to ensure that future prospective policyholders will be able to answer both questions affirmatively and should not any measures to achieve this apply *inter alia* to company salesmen who are in a position to affect the answer to at least the first question?

M. W. McNerney.
Orleans House, Edmund Street, Liverpool.

A broker's advice

From the Managing Director, Parvin Frost and Company.

Sir,—Eric Short has been much exercised of late on the question of insurance brokers' commission, and he obviously has little time for the whole life policy.

As an insurance broker, trained as a life man, I am continually being faced with the traditional, and I feel, old fashioned idea of the value of the endowment assurance policy, and comparing it with the whole life policy. After 12 years of this evaluation on a daily basis, I cannot change my opinion that for the majority of men under 35 with a wife and family relying on his income, the main plank of his life assurance plan should be a whole life without profits policy. In my experience, when this contract is properly explained, people of average intelligence and above, buy it in preference to an endowment assurance. It is without doubt the best buy on the market: unlike the man with term assurance only, the whole life without profits assured never runs out of cover, he is paying a premium of less than half per thousand pounds of cover than for an endowment assurance to age 65 with profits. It is convertible to an endowment assurance with profits when and if circumstances warrant it; and if not, the surrender value at 65 is usually more than the assured has paid in gross premiums.

The high commission payable on these contracts is only a smoke screen put up by the Life Offices Association to disguise the real reasons for the new premium related commission terms. If it were the reason prompting the change, it is easily dealt with by halving the commission on whole life to £1.00 per thousand sum assured, with the balance payable on conversion. Personally, I would prefer this. No, the real reason is the fear by the majority of the companies constituting the Life Offices Association of the growth of broker-sold life assurance. The difference in terms offered by life companies is scandalous.

The public are not aware of this because life assurance is sold and not bought and because the selling is done by employees of insurance companies (16,000+ Prudential men and others), as a general rule. Over the last 15-20 years, however, there has been a substantial increase in broker-sold life assurance and the direct selling companies who are the large majority of the Life Offices Association are concerned enough to want to prevent its further growth. It would seem that the withdrawal of indemnity terms 8-10 years ago was not enough, so now we have premium related commission and once again the public will suffer from the inevitable reduction in the brokers' sales forces which will result.

Robert Parvin.
Tudor House, 282 Northfield Avenue, W.5.

Life assurance commission

From Mr. J. Gauld.

Sir,—Mr. Le Blanc's letter (June 28) raises two points in connection with the Life Offices' changes in the terms of life assurance commission. While I can offer no opinion on the effects of the changes on employment in the broking industry, I do feel that the effects on the "young man with slender resources" will be less serious than is anticipated. Such young men will normally be advised to effect the relatively inexpensive family income benefits or convertible term assurances and the new rules will not reduce the rates of commission for this type of business. Mr. Le Blanc can therefore be assured that his reward for correctly advising such young men will not be reduced.

J. A. Gauld.
Littlecott, Bouverie Close, Salisbury.

The redundant executive

From Mr. S. Simeons.

Sir,—I have great sympathy with Mr. Greenman's views (July 8) on the value of retraining redundant executives under the Sloan Programme sponsored by TOPS. I am chairman of a committee concerned with the re-employment of the over 45's.

At the last count redundancies were still occurring at the rate of 10,000 a month with vacancies of 2,000 only. Even assuming that the gap has been closed the choices for anyone but a specialist are remote. Ninety-thousand are already on the register of unemployed executives. We are at present trying to discover which categories suffer most, how many although registered have funds sufficient to make their re-employment not very serious and who are anchored because of the cost of moving house.

Charles Simeons.
21 Ludlow Avenue, Luton, Beds.

To-day's Events

GENERAL

The Queen and Duke of Edinburgh begin visit to Canada.

EEC Heads of Government end two-day summit meeting, Brussels.

European Central Bankers end two-day meeting, Basle.

Mrs. Shirley Williams, Prices Secretary, meets Retail Consortium to discuss proposed Price Code revisions.

Financial Times three-day conference, Finance and Scotland, opens, Aberdeen University.

British Road Federation national conference on transport policy, Hyde Park Hotel, S.W.1.

CBI Yorkshire and Humberside Regional Council meets.

M3 inquiry resumes, Winchester.

National Union of Railwaymen's conference, Paignton.

Great Yorkshire Agricultural Show opens, Harrogate.

PARLIAMENTARY BUSINESS

House of Commons: Finance Bill begins remaining stages.

Commons Select Committees. Nationalised Industries (Sub-Committee A). Subject: British Rail. Witnesses: Associated Society of Locomotive Engineers and Firemen. Violence in the Family. Witnesses: National Council for Civil Liberties; Family Rights Group. Direct Elections to European Assembly. Witnesses: Mr. John Roper, MP; Scottish and Northern Ireland Local Authority Associations.

House of Lords: Dangerous Wild Animals Bill and Food and Drugs (Control of Food Premises) Bill, third readings. Local Government (Miscellaneous Provisions) Bill and Divorce (Scotland) (No. 2) Bill, report stage. New Towns (Amendment) Bill, committee. Debate on land adjoining Gatwick Airport.

COMPANY RESULTS

Haslemere Estates (full year). Inveresk Group (half-year). Wilkinson Match (full year).

COMPANY MEETINGS

Bradwell Rubber (FMS) Estates, Plantation House, Mincing Lane, E.C., 12. Investment Trust Corporation, Bucklersbury House, E.C., 10.45. Reliant Motor, Cardiff, 10.30. Robertson Foods, Beckenham, Kent, 10.30. Time Products, Connaught Rooms, W.C., 12.

MUSIC

Festival of City of London. Pascal Rogé (piano) in music by Ravel, Debussy and Liszt, Bishopsgate Institute, E.C., 3, 1.05 p.m. Bacchollian Singers in works by Saint-Saens, Poulenc, Milhaud, Thomas Wilson and Martin Dalby, St. Giles Cripplegate, Barbican, E.C.2, 1.05 p.m. London Symphony Orchestra and Chorus and Brighton Festival Chorus, conductor Colin Davis, perform "Grand Messe des Morts," by Berlioz, St. Paul's Cathedral, 7.30 p.m.

COMPANY NEWS + COMMENT

Christie-Tyler advances to £3.2m.

FOLLOWING the increase from £0.24m. to £1.41m. in the first half, profits before tax of furniture and uphostery makers, Christie-Tyler rose from £1.87m. to £3.19m. in the year ended April 30, 1976. Turnover improved from £22.24m. to £32.18m.

In their interim report the directors said the group's financial position was strong and it was anticipated that results for the second six months would be in excess of those achieved in the first half year.

Earnings per 10p share rose from 13.5p to 23.2p and the net final dividend is 3.46878p, making a maximum permitted 3.76878p, compared with 5.30405p previously. A one-for-two scrip issue is also proposed.

Tax charge is £1.7m. (£1.01m.), leaving net profits of £1.49m. against £0.87m.

Since 1972 the group has increased sales and profits by over five times, often against the trend in the furniture industry, the directors report. Volume was up by 30 per cent. in the year, indicating a further increase in the market share.

The group has opened nine new factories in the year, but has still doubled cash balances.

While the first two months of the new trading year have seen a lower rate of sales and profits than achieved in the second half, the group remains in a strong position to take quick advantage of the improvement that should come as usual in the autumn.

● comment

In what has been a generally favourable trend for the furniture industry, Christie-Tyler shows a 70 per cent. profits growth. The 45 per cent. rise in turnover reflects volume up by nearly a third—market share in upholstery is now over a fifth, with over ¼m. suites produced last year, a rise of 20 per cent. against a 12 per cent. rise in the workforce. Most of the growth came in the first half when there was a switch in consumer spending towards low-VAT furniture. However, industry figures to May 1976 show orders down 27 per cent. since May 1975 and deliveries faltering, and it remains to be seen whether Christie-Tyler can again buck the trend. The company is optimistic, with another four factories in the pipeline. Its unique cell system of production—autonomous teams of six to nine workers—allows it to respond quickly to any upturn, should the cycle change, as it is predicting for the autumn. Most of the sector's shares are near their 1976 lows, giving yields of around 10 per cent. So Christie-Tyler's 11½ per cent. yield at 81p makes no allowance for the fast growth achieved so far. The p/e is 3.3.

31 companies wound-up

Orders for the compulsory winding-up of 31 companies were made by Mr. Justice Templeman in the High Court yesterday.

They were: Cantrell Hire Company, Atlanta Intertrade, Turnaire, Pearson Ware Motors, Allenar Building Contractors, TCA Office Products and Leisure South West.

Richard Simons Sales Promotions (Cardiff), Four Graphics, Everbrite Homes, Taristar, Tri-Pod Club Holdings, Trojancrest and Safeway Formwork.

Surimead, Constaples (G.B.), D. and L. Nelson, Netherley Transport, David Hudson and Sons, Bag World and Buckley (Turf Accountants).

RKR Typesetting, Nelson Carpet Contractors, Trapston Engineering, Church Street Autos (Burton Latimer), Quadrangle Development and Construction Company.

Claremont Agency Services, Damcroft, Heathmoor Warehousing and Storage Company, Attford Services and Action in Administration.

INDEX TO COMPANY HIGHLIGHTS

Company	Page	Col.	Company	Page	Col.
Avenue Close	22	7	Lankro Chemicals	23	3
Brook St. Bureau	23	3	Latham (James)	22	3
Brown & Tawse	22	7	Rexmore	23	4
Christie-Tyler	22	1	Riley (Robert)	22	6
Cornercroft	24	4	Second Great Northern	22	6
Crown House	23	1	Stead & Simpson	22	6
Equity Enterprises	23	2	Stock Conversion	23	2
Fuller Smith	23	5	Vaux Breweries	22	5
Giltspur	24	1	Wellman Engineering	22	4
Glover & Main	22	4	Wilson Bros.	22	2

Wilson Bros. falls to £0.45m.

TRADING profit of Wilson Brothers, publishers of greeting cards, rose from £0.92m. to £0.98m. during the year to March 31, 1976, but after charges including a £0.44m. (£0.16m.) loss on property and investments, the pre-tax figure emerges at £0.45m., compared with £0.67m.

In the first half pre-tax profit was up from £0.41m. to £0.42m.

Yearly earnings per 20p share are shown to be 2.2p (same) and the dividend is 1p net (0.5p).

The losses on property and investments include an anticipated final provision of £229,362 to bring the book value of the property portfolio down to its estimated market value. Since the balance sheet date further properties have been sold to realise £186,673 which is slightly in excess of written down book value.

	1975-76 £	1974-75 £
Turnover	8,461,463	7,609,997
Trading profit	978,721	917,646
Prop., investmts. loss	442,733	159,650
Expenses	77,057	71,292
Loan interest	10,223	12,962
Pre-tax profit	448,689	673,736
Taxation	193,394	416,245
Extraord. credits	6,406	*17,123
Retained	115,192	87,398

* Debit.

● comment

Wilson Bros. has come up with a 6½ per cent. increase in trading profits on a sales gain of a tenth. But the main interest is focused on what is hopefully the last write-off on Wilson's property portfolio, which at £442,733 leaves the pre-tax profits a third lower. However, after last year's write-offs and some sizeable sales the book value currently is about £375,000, against £560,000 at the year end (£1.54m. a year ago) when short-term borrowings were £860,000 lower than the previous year at £1.69m. So at last Wilson is close to clearing out the property interests which have tarnished the group's image. This year profits from greetings cards could be similar to 1975-76 to give earnings per share of 3½p and a prospective p/e of 3.9 at 15½p, while the current yield is 10.6 per cent.

PICCADILLY FUND

Piccadilly Unit Trust Management has announced that the following funds have changed their names: The Portfolio Private Fund to Piccadilly Private Fund; Portfolio Capital Fund to Piccadilly Capital Fund; Portfolio Growth with Income Fund to Piccadilly International Earnings and Assets Fund; Shenley Portfolio Fund to Piccadilly Accumulation Fund; and Emblem Fund to Piccadilly Technology Fund.

CASTLE POINT PROPERTIES

The joint liquidators of Castle Point Properties, the company operating the Victoria Hotel, Nottingham, announce that they have arranged for the business of the hotel to be carried on by a new company set up by Estates and General Investments for that purpose. All the present employees will be offered jobs with the new company.

Estates and General, which holds a first charge on the freehold property, while continuing the trade, is intending to offer the hotel for sale as a going concern.

Downturn by James Latham

TURNOVER of timber merchants James Latham increased from £17.38m. to £20.44m. in the year ended March 31, 1976, and profit was £0.95m., compared with £1.04m., subject to tax of £0.48m. (£0.61m.).

In the first half profit was down from £0.52m. to £0.41m. and the chairman, Mr. E. M. Latham said that if the improving volume of deliveries was maintained, second-half results could show an improvement.

Stated earnings per £1 share for the year are 23.2p (20.8p)—final dividend is 4.77p net for a 7.52p (6.91p) total, absorbing £155,000 (£143,000).

As a result of the continuation of the provisions for tax relief in respect of stock appreciation, no tax will actually be payable. The tax charge shown has been taken straight to deferred tax account.

The directors have reconsidered the calculation of cost of stock—customs duties and inward charges have now been included, resulting in an addition of £102,000 to the stock at March 31, 1976.

● comment

In common with other timber merchants, pre-tax profits of James Latham have begun to recover, rising 6 per cent. in the second half. The creation of five regional centres to improve distribution has finally been completed and, beginning with low borrowings, the company would be in a strong position to meet a cyclical increase in demand. Sales increased 35 per cent. in the second half but the outlook for the housebuilding and furniture industries, which are major timber consumers, is poor so the upturn might not be as marked as in previous cycles. The yield of 9.1 per cent., at 128p, is covered 3.1 times.

AUSTRALIAN AGRICULTURAL

Australian Agricultural Co. announces that its annual meeting and special general meeting called for July 8 have both been adjourned.

The meetings could not be concluded on July 8 because of the company's transfer of domicile from the U.K. to New South Wales had not been completed by that date. Adjourned meetings will be held on Aug. 6 starting at 10 a.m.

Record £1.17m. at Wellman

AFTER RISING from £275,438 to £375,758 in the first half, pre-tax profits of Wellman Engineering Corporation finished the year to March 31, 1976, up from £906,291 to a record £1.17m. Turnover was £12.43m. compared with £13.37m.

Earnings are shown to be up from 4p to 5.47p per 25p share before extraordinary items and as promised the dividend total is the maximum permitted 1.95p (1.799p) net with a final of 1p.

The asset value is given as 48.2p (44.7p) per share.

During the year group companies provided some of their technical engineering services on a fee basis which does not result in a large sales figure. The total sales figure is consequently not a yardstick of achievement nor a reliable indicator of profit margins, members are told.

A stainless steel foundry was purchased in France and is now operating in the name of Fonderie Grenobloise. A search continues for acquisitions which will both enrich engineering capabilities and add overseas sales by means of local manufacture and presence.

The directors say that the improved trading has continued in the current year and first half profits should exceed those for the corresponding previous period. In the absence of unforeseen circumstances they intend to continue the policy of recommending maximum dividends.

	1975-76 £	1974-75 £
Turnover	14,433,637	13,365,799
Profit before tax	1,174,093	906,291
Group	1,125,541*	832,246
Associate*	48,532	84,045
Taxation†	587,874	453,917
Extraord. items‡	2,217	99,993
Interim dividend	167,006	95,743
Proposed final	112,638	106,894
Retained	308,192	145,744

* Interest 29.7 (30) per cent. ‡ Comprise surplus on currency realignments £3,308 (including associate £3,382) less loss on reduction of interest in associate £8,901. Last year product discontinuance costs £88,287 and settlement of claim relating to subsidiary £15,726. † Corporation tax £518,001 (£547,435), overseas tax £72,143 (£2,831), deferred £1,800 (£149,000 credit) less double tax relief £7,403 (£2,041). Associated overseas tax £23,123 (£36,345).

● comment

Wellman's 1½-point improvement in margins—producing a pre-tax profits increase of nearly 30 per cent.—continued to be helped more by cost cutting efforts than by increased sales of furnaces, foundry plant and other heavy engineering equipment. Volume turnover barely improved and some of the boost to margins can also be attributed to payments received during the year for technical know-how. Currently, the order book is better than this time last year and although there has been little sign yet of an upturn in orders for plant from the steel industry, the bulk of profits are expected again to be taken in the second half—as has been the pattern over the past four years. Meanwhile, capital expenditure is being stepped up—to possibly as high as £½m. this year. But supported by a continuing strong cash position, Wellman's is also looking currently for a firmer base in Europe through acquisition. The shares at 32p yield 9.7 per cent. where the p/e is 5.7 and cover 2.8

Glover & Main Deb. stock repayment

Thorn Electrical Industries subsidiary Glover and Main, announces the repayment and cancellation of the outstanding £302,000 of the 5¾ per cent. Debenture Stock 1979-84 and £194,910 of the 6½ per cent. Debenture Stock 1983-88.

Repayment of the principal of the Debenture Stocks and payment of the outstanding interest to July 13 1976 will be made separately on July 14.

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
A. C. Cars	int.	0.35(a)	Aug. 27	0.28	—	0.88
Jas. Latham		4.77	—	4.41	7.52	6.91
Christie-Tyler		3.47	—	3.3	5.77	5.3
Colmore Investments		0.72	Sept. 24	0.32	0.72	0.85
Cornercroft	int.	0.78	Sept. 7	0.78	—	2.6
Crown House		1.26†	—	1.22	1.91	1.75
Dent Fownes		0.6(b)	Aug. 10	—	—	1.54
General Funds Trust	int.	1.05	Sept. 13	1.05	—	3.35
Giltspur		1.5	Aug. 27	1.4	2.4	2.2
Robert Riley		0.65	Aug. 25	0.58	0.83	0.76
2nd Great Northern		1	—	1	1.6	1.6
2nd Great Northern	int.	0.8	—	0.6	—	1.6
Spncr., Tyrr. & Boldero		3(b)	Aug. 12	nil	—	7.39
Reo Stakis	int.	0.27	Sept. 15	0.27	—	0.84
Wellman Eng.		1	Sept. 2	0.95	1.95	1.8
Wilson Bros.		1	Oct. 1	0.5	1	0.5

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. (a) To reduce disparity. (b) For period ending July 19, 1976.

Expansion at Vaux Breweries

THE CHAIRMAN of Vaux Breweries, Mr. D. Nicholson, says the group has a planned programme of capital expenditure for the next few years and the facilities and resources to cover it.

New warehouse space has been completed and there has been a major extension of the fermenting and beer storage facilities in Sunderland which should give sufficient capacity for the group's English trade for the next year or two.

The group's hotels, particularly those which deal largely with business should continue to improve and although they have taken longer to earn a satisfactory return than originally expected, they are well placed to increase profitability in the future, says the chairman.

Until last year, the main emphasis of development was on pubs and hotels. While the recent developments, particularly some of the larger hotels, have performed well, the increased capital costs of continuing such a programme, and the return likely to be earned means that opportunities in this field continue to be limited, says Mr. Nicholson.

Nevertheless, opportunities do arise where it seems sensible to invest and the group has acquired or completed three pubs and undertaken major improvements to 18 pubs and hotels.

A total of 17 pubs were sold, four of which were compulsorily acquired.

As known, pre-tax profits for the year to April 30, 1976, increased from £3.89m. to £4.42m.

Beer sales were ahead by over 3 per cent. by volume, most of the increase coming, once again, from sales in the free and loan trade. Particularly good results were achieved by the Sheffield brewery. In Scotland the position was less satisfactory with a fall in volume sales.

The wines and spirits trade was static—an increase in volume through the off-licence chain being offset by a fall through other outlets. Results from Swallow Hotels were better with improved room occupancy and increased number of meals sold.

The group's Belgian brewery had a difficult year, largely owing to the price controls applying in that country and the recession. However, for the first few months of this year things look better, the chairman says.

The year's net increase in borrowing of around £800,000 was well within plans. A ten-year facility of £4m. was obtained from Finance Corporation for Industry and this, together with the existing arrangement is adequate for current needs.

The chairman is to retire on August 5 and will be succeeded by his son, Mr. P. D. Nicholson.

Meeting, Sunderland, August 6 at noon.

Stead & Simpson confident

Current year trading of the motor subsidiaries of Stead and Simpson is satisfactory and with new models to come soon, the outlook is promising, the chairman, Mr. H. E. Gee says in his annual report.

In the footwear division, new branches have been opened at Ashford, Birkenhead, Chatham, Glenrothes, Manchester and Mold and rebuilt premises have been re-opened at Diss and Exeter. A further seven branches are to be opened this year.

As reported on June 25, pre-tax profits for the year ended March 31, 1976 were £1.34m. against £1.36m. on turnover of £15.36m. (£12.59m.) The dividend is 2.28908p (2.09589p).

Footwear retailing contributed £10.08m. (£8.54m.) to turnover and £1.08m. (£1.15m.) to profits and motor trading, £5.28m. (£4.04m.) and £0.26m. (£0.21m.).

Costs continued to rise, says the chairman. Profits were also affected by the financing of the new warehouse and offices at Syston.

Short term banking facilities were used with the result that bank interest rose by some £15,000 and investment income fell by about £85,000.

Meeting, Leicester, August 2 at noon.

Second Great Northern makes £0.48m.

Revenue of the Second Great Northern Investment Trust came to £483,470, against £484,262, for the year to May 31, 1976, subject to higher tax of £207,924 compared with £179,927.

	1975-76 £	1974-75 £
Revenue before tax	483,470	484,262
Tax	207,924	179,927
Net revenue	275,546	304,335
Pref. dividends	19,230	19,250
Attributable to Ord.	256,296	285,085
Interim dividends	95,989	92,316
Proposed final	178,419	158,649
Carried forward	508,927	525,038

Earnings are shown to be down from 1.82p to 1.44p per 25p share or from 1.34p to 1.38p fully diluted. The final dividend is 1p net (0.86p and 0.14p exceptional for 1974-75) making 1.8p (same). An interim of 0.8p is also announced for the current year.

Net assets are £17.41m. (£16.3m.) equal to 91.2p (85.2p) per Ordinary and "B" Ordinary share.

Second half drop at R. Riley

Pre-tax profit of Robert Riley (Holdings), makers of springs and presswork, dropped from £105,748 *to £91,160 in the year to April 24,* 1976, after £52,462 (£46,807) in the first half.

Final dividend per 5p share is 0.650705p net, making a total of 0.825705p (0.73595p).

	1975-76 £	1974-75 £
Turnover	863,492	876,338
Pre-tax profit	91,160	105,748
Tax	48,978	56,316
Net profit	44,182	49,432

WATSON & PHILIP

A director of foodstuffs distributors Watson and Philip, Mr. James Black Thomson, has lost his place on the Board under the Articles of Association of the company, following his failure to attend Board meetings for a considerable period of time. According to the last report and accounts, Mr. Thomson had 2,000 shares in the company at October 31, 1975, compared with an issued capital of 5.55m. shares.

RESULTS AND ACCOUNTS IN BRIEF

A. C. CARS—Interim dividend 0.35p net (0.28p) for year ended September 30, 1975. Turnover for six months ended March 31, 1976, £1,073,000 (£1,009,000), net profit £28,000 (£24,000) after tax £40,300 (£27,000). Ordinary dividends £7,000 (£5,600). Earnings per share 1.00p (1.20p). Directors say turnover increased by reason of continuing price inflation, profit margins have, however, improved. It is anticipated that this level of profit will be difficult to maintain during second half. Increased interim is to reduce disparity and cannot be assumed that overall dividend will be higher than previous year.

ANDERSONS RUBBER COMPANY—Turnover for year to January 31, 1976, £2,347,404 (£2,230,576). Profit £114,053 (£118,500) before tax £64,900 (£68,746). Interim dividend paid £4,000 (same). Proposed final £9,295 (£5,306). Retained £30,438 (£42,438). Earnings per 20p share 4.21p (6.48p). Fixed assets £71,326 (£72,623). Net current assets £490,217 (£370,027). Sales improving in current year and if continued for rest of year, results should be satisfactory. Meeting, Bristol, July 29, at noon.

J. BILLAM (cutlery, flatware, precision sheet metal engineering)—Results for 1975 reported June 1. Group fixed assets, £0.37m. (£0.33m.). Net current assets, £0.33m. (£0.34m.). Meeting, Sheffield, July 22, at noon.

JOHN BOOTH AND SONS (BOLTON)—Results for year to March 31, 1976, already reported. Group fixed assets, £434,301 (£416,302). Net current assets, £667,168 (£530,649). Meeting, Worsley (Lancs.), August 4, at noon.

CHLORIDE GROUP (batteries and associated products)—Results for year ended March 31, 1976, with detailed report and prospects reported June 18. On CCA basis, estimated that pre-tax profits would be lower by some £5.6m. of which £3.1m. relates to additional depreciation on plant and machinery and £2.5m. to cost of sales adjustment. Group fixed assets, £53.09m. (£45.44m.). Net current assets £52.30m. (£49.41m.). Meeting, London Hilton, Park Lane, W., July 29 at 11 a.m.

COLMORE INVESTMENTS—Final dividend 0.715p net only payment for year to March 31, 1976 (0.4Gp total included 0.315p final). Turnover £8,830,027 (£8,941,960). Profit £37,606 (£29,823) after all charges including tax of £35,174 (£43,009). Earnings per share 0.9p (0.7p).

DOM HOLDINGS (retailers and makers of fixing products)—Results for year ended March 31, 1976, reported June 18. Group fixed assets £880,812 (£615,300). Net current assets £1.97m. (£1.59m.). Chairman says group embarking on further stage of plant and tool investment to meet growth of product sales in new home and overseas markets which it is anticipated will gain momentum in 1977. Meeting, Great Eastern Hotel, E.C., July 27 at noon.

ENGLISH NATIONAL INVESTMENT—Results for year to March 31, 1976, with net asset values reported May 27. Investments £1.29m. (£0.77m.). Meeting, Manchester, August 3, at noon.

ERSKINE HOUSE INVESTMENT TRUST—Gross income half-year to September 30, 1975, £22,380 (£15,791). Net profit attributable to Michael White £2,846 (nil). Net revenue £6,262 (deficit £9,854). Tax nil (same). Net revenue reflects actual income received together with profit of Michael White and is after deducting interest on borrowings and the loan stock and management expenses of the company. At relevant date in 1974 no account was taken of Michael White as company was not a subsidiary then. Net asset value per share excluding Limbani 27.30p (23.9p) at March 31, 1975, and after loan stock conversion 40.88p (42.3p).

EVA INDUSTRIES—Results for year ended March 31, 1976, with chairman's comments reported June 15. Group fixed assets, £3.79m. (£3.62m.). Net current assets, £2.93m. (£2.49m.). Chairman says despite recent problems, organisation has been strengthened and is capable of reacting swiftly to any opportunities. Meeting, Manchester, July 28 at 11.45 a.m.

GARTONS (agricultural seedsmen)—Group turnover for 7 months to November 30, 1975 £474,130 (£472,912); pre-tax loss £22,361 (£23,804); loss per 10p share 1.1p (1.2p). High proportion of the annual turnover in seed trade is concentrated in the period December to April. Directors confident that improved sales and profit will be enjoyed by the company for the full year ended April 30, 1976.

GOLDRING (sound reproduction equipment)—Results for year 1975 reported July 1. Fixed assets £298,082 (£254,760). Net current assets £148,025 (£477,431). Disappointing results and high level of stocks caused strain on resources and directors have arranged £200,000 additional finance from Scharf family covered by debenture. Meeting, Great Eastern Hotel, E.C., July 30 at noon.

GORDON JOHNSON-STEPHENS (poultry processing)—Results for year to February 29, 1976, reported June 14. Pro-forma balance-sheet after acquisition of Gordon Johnson Industries Inc. shows current assets at £5.65m. and liabilities at £3.68m. Directors propose to change name of company to Gordon Johnson-Stephens Industries. Meeting, Gloucester, July 19 at noon.

MANSFIELD BREWERY — Results for year ended March 31, 1976 reported June 23. Group fixed assets, £9.49m. (£7.77m.). Current assets, £2.04m. (£2.57m.) and liabilities, £2.11m. (£1.79m.). As with bottled beer, group's own making of soft drinks being phased out during current year. Chairman has no reason to doubt group's ability to finance commitments from own resources, even though it may be prudent to anticipate some further downturn in pre-tax profitability. Meeting, Mansfield, Notts, July 29 at 11.30 a.m.

OCEAN WILSONS (HOLDINGS)—Results for year ended January 31, 1976, already reported. Net current assets in Brazil £610,994 (£15,534 net current liabilities). Net current assets in U.K. £785,613 (£461,098). Net book asset value, including surplus value of investment portfolio was 108.7p per share, 38.1p in Brazil and 30.6p in U.K. Meeting, Winchester House, August 3 at noon.

TRIDANT GROUP PRINTERS—Results for year ended March 31, 1976 reported June 24. Fixed assets, £2.66m. (£2.22m.). Net current assets, £1.88m. (£1.37m.). Chairman looks forward with reasonable confidence to period of further profitable growth and expansion. As June 24, Chirit Investment held 20.3 per cent. of capital and Starcoit Investment, 29.06 per cent. Meeting, Walkden House, Melton Street, N.W., August 2 at 12.15 p.m.

ISSUE NEWS AND COMME[NT]

Brown & Tawse [illegible] share placing

Brown and Tawse is proposing to raise £719,000 by way of a placing amongst institutional shareholders of 1m. shares at 73p each. The shares closed at 80p in the market.

Three quarters of the placing proceeds will be used for capital expenditure on the expansion of stockholding centres and investment in cutting and processing equipment, while the balance will finance increased working capital.

The Board states that it prefers a placing to a rights issue because it enables a smaller discount to the market price, and also the Board wished to increase the number of institutional shareholders.

The Chairman states that for the greater part of last year the industry has endured the sharpest recession since the war. However, demand for steel products apart from tubes revived during the last quarter of the year when customer destocking came to an end.

For the current year he says that the recovery will accelerate, and sales for the first quarter are well above the average for the preceding year. The Board therefore forecasts an increase in both turnover and profits for this year.

For the current year to March 31 1977 the directors propose to pay dividends totalling 4.31p per share against 2.155p.

The annual meeting and EGM to consider the placing will be held on August 11.

The placing has been arranged by Hill Samuel and brokers are McAnally Montgomery.

● comment

Brown and Tawse is taking advantage of the market to finance this year's capital expenditure (£1.87m. last year) by way of a placing of shares rather than out of cash flow. Presumably the group has an eye to working capital pressures which could develop later this year [illegible] picks up. Also B[illegible] and that steel prices could [illegible] cent. this year. Ho[illegible] group looks fairly w[illegible] tackle these pressures [illegible] out a placing. Worki[illegible] requirements last M[illegible] £300,000 lower than th[illegible] year at £6m. because o[illegible] rise in creditors again[illegible] increase in stocks, am[illegible] amounted to £619,000 [illegible] overdraft of £1.1m. [illegible] However shareholders [illegible] dividend rise for a [illegible] yield of 8.3 per cent. [illegible]

RENOWN—IS[SUE] 8M. SHARES

Renown Incorporate[d] [illegible] that arrangements a[illegible] through the Nikko Sec[urities Com]pany (Europe) Lim[ited] [illegible] Fleming and Compan[y] [illegible]son, Heidring and Pie[illegible] issue 8m. new shares [illegible] stock of Y50 per shar[e] evidenced by Europ[ean Deposi]tary Receipts by mea[ns of a pub]lic offering in [illegible] markets.

Renown, together w[ith sub]sidiaries, is one of [illegible] wholesalers and dis[illegible] clothing in Japan. [illegible] ended December 31 [illegible] solidated sales a[illegible] Y131,107m. ($430m.). [illegible] come amounted t[illegible] ($6.6m.).

WGI—90%

WGI's rights iss[ue] [illegible] £360,000 on the basis [illegible] at 60p per share ha[illegible] up as to 90.[illegible] per [illegible] balance has been [illegible] net proceeds will be [illegible] entitled shareholders [illegible] no payment will be [illegible] than £1.

Satisfactory outlook at Avenue Close

Mr. J. Julius, chairman of Avenue Close says that certain investment properties and properties held for dealing have been sold. This has helped to reduce short-term borrowings and subject to unforeseen events, subsequent accounts will show satisfactory progress.

The subsidiary's office development at Truro was completed and let on satisfactory terms to the Department of the Environment. The income from this development together with reversions from West End properties will materially increase rental income in the current year.

As known, profits before tax for the year ended Ma[rch] [illegible] amounted to £234[illegible] £366,321. An analysis [illegible] receivable (less [illegible] £346,404 (£261,361); [illegible] penses £16,935 (£37,4[illegible] development £33,2[illegible] and mortgage an[illegible] interest £130,114 (£[illegible]

At March 31, the [illegible] of the group's fixe[d] [illegible] ceeded book valu[e] [illegible] £3.8m.

In a document, giv[illegible] the acquisition of th[illegible] not already owned [illegible] sidiaries, the dir[ectors] valued net tangib[le] [illegible] Avenue Close (Pr[illegible] £309,262 against a [illegible] £93,044 and those [illegible] Calculated at £28[illegible] £5,807 in the books.

The value attrib[illegible] 25 per cent. shareh[illegible] acquired is given [illegible] (£24,712 book value)

| هكذا صدر الأصل |

Crown House tops £2m. and sees further progress

...RED with a March esti... ...f £1.9m., taxable profit of ... House was £2.08m. for the ...nded March 31, 1976, on ...er of £62.87m. For the ...is year the figures were ... and £57.24m. respectively.
... directors state that ... difficulties in the con... ...n industry, the future ...ncouraging—higher profits ...ing looked for in 1976-77 ...standing the withdrawal ... property development ...es.
... profit increase of 26 per ...s due to an improvement ... margin of 22 per cent., it ...ed. Contracting activities ...e to expand, particularly ...s and order books are at ... levels."
...apital increased by the one-... rights issue in March, divi-... ...otal is up from 1.748p to ...recast 1.906p net, with a ...of 1.256p. The directors ...e to consolidate Ordinary ...ares into 25p shares; in ...n a subsequent one-for-... ...rip issue is proposed.
...ding the rights issue, earnings are up from 2.7p

	1976 £000	1975 £000
...	62,868	57,236
...fore tax	2,080	1,433
...roup	2,126	1,885
...loss	48	52
...	1,203	940
...it	878	605
...profits	8	—
...	42	1
...debit	7	*191
...ble	618	862
...ivs.	36	38
...	583	431

...isional breakdown of pre-... ...fit shows an increase from ... to £1.02m. in engineering ...tracting, distribution down £0.3m. to £0.16m., glass... ...p from £0.49m. to £0.51m., ...y investment and develop-... £0.35m., compared with a ... £0.12m. and office staff ...e down from £92,000 to ...

...g the year new activities ...arted in Muscat and Oman ... Nigeria. A successful first ... result was achieved in ...ia. In distribution better ...are expected this year but ...ons remain competitive, ... directors.
... a difficult year in the ...field, the glassware divi-... ...s now finding conditions ...buoyant. In view of the ...nd other complexities now ...in property development, ...ea of group activity is to ...ased out, and the main ...ionist effort will be placed ... the electrical and ...ical services and glassware ...ts.
... factory cash flow was ...d during the year result-... the conversion of a net ...aft of £1.8m. into a net ... balance of £2.38m., an ...ement of £4.23m. (includ-... ...e proceeds of the rights ...
... the tax charge provided, ... is deferred primarily ...e of stock appreciation ... Total stock appreciation ...eceivable to March 31, 1976 ...ts to £1.94m.
... freehold properties of the ... were valued as at March ... £3.48m. by professional ...s. This sum has been ...d in the balance-sheet and ...s a reduction from book ...of £24,244 which has been ...d to unrealised revaluation ...s account.

...mment

...epressed state of the U.K. ...ction industry has not ... the fortunes of Crown ... Britain's largest electrical ...tor, where pre-tax profits ... per cent. on a 10 per cent. ...e in turnover. The home ... remained more buoyant ...xpected whilst the recent ... into the Mid-East and ...na has resulted in the over-... ...ofit contribution (margins ...uble those in the U.K.) boosted to 20 per cent. competition on the distri-... ...side meant net margins ...alved and profits down 45 ...nt. while the glassware ...ts, where exports account for 45 per cent. of sales, were hit by dull demand overseas. The property sector chipped in £350,000 profit against last year's £123,000 loss, nevertheless the company is withdrawing from this field because it ties up too much liquidity. The emphasis is now on expanding the contracting and glass sides. Turnover this year should be in excess of £80m. and the order book at £75m. is up a fifth. The company's liquidity position has improved sharply which should easily cover this year's £0.75m. capital spending. At 25p the shares yield 11.7 per cent. and the dividend is covered 1.45 times.

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available whether dividends concerned are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TO-DAY

Interims: General Consolidated Investment Trust, Interest, McMullen and Sons, Meggitt Holdings.

Finals: Caird (Dundee), Daily Mail and General Trust, Hampton Gold Mining Areas, Haslemere Estates, Marling Industries, Moorgate Investment, Wilkinson Match.

FUTURE DATES

Interims—

Clayton Dewandre	Aug. 17
Manchester Garages	July 29
Pratt (F.) Engineering	July 29

Finals—

Davy International	July 20
Dowty	July 21
Hollis Bros. E.S.A.	July 29
Howden	July 13
Neepsend	July 23
Ratners Jewellers	July 15
Renwick	July 19
Rossgill	July 19

Stock Conversion forecast

In their annual report, the directors of Stock Conversion and Investment Trust say that present indications are that net revenue before tax for the current year will be around £3.25m. excluding any trading profit from the finance subsidiary.

There are adequate funds available to meet all commitments arising or likely to arise during the year, they add.

As reported on July 2 net revenue before tax expanded from £2.41m. to £3.79m. in the year to March 31, 1976.

There was again a shortfall on certain sites held for or under development. Had the companies owning such sites capitalised the interest on the cost of sites and building works less rental income, it is estimated that the net revenue would have been increased by some £1.2m. (£1.4m.). For this purpose interest is that actually paid or calculated at a notional rate equivalent to 1 per cent. over the average of the Bank of England minimum lending rate for the year.

In accordance with the policy of revaluing properties at intervals of not more than five years, the directors have re-valued those properties last valued in 1971. These properties are 237-246 Tottenham Court Road (interest 75 per cent.) and Euston Centre (interest 50 per cent.) and have shown a surplus of some £2.2m. (Stock Conversion proportion £1.5m.) and some £11.2m. (Stock Conversion proportion £5.6m.) respectively. These revaluations mainly account for the increase in the value of properties in the balance sheet from £69.53m. to £71.55m.

Properties valued in 1972 and 1975 would not normally fall to be revalued this year but as the property market does not appear to have stabilised, the directors have reviewed these valuations and are satisfied that no downward adjustment is required.

At the year end bank balances, short-term loans, and deposits were £8.07m. (£4.57m.).

Meeting, Quaglinos, S.W., on August 2 at noon.

No less profit seen by Lankro

FIRST-QUARTER results at Lankro Chemicals Group are ahead of the previous comparable period but profit performance in the second quarter is likely to suffer, says Mr. F. A. Russell, chairman.

This is as a result of low projected summer sales for agrochemicals and some continuing imbalance between the price of petroleum-based raw materials and industrial chemicals, "for which demand remains strong."

However the second half should show a significant up-turn in the demand for agrochemicals as well as an improvement in industrial chemical margins: some contribution from the new Belvedere intermediates plant may also be seen. Profits for the year will, with the usual caveat for unforeseen circumstances, "be no less than those for last year."

Looking further ahead the directors are confident that, as full earnings begin to flow from the investments made, the broader base upon which Lankro's profits can then be built will be a source of growing strength, he adds.

The company is selling tonnage quantities of high-specification resins for the manufacture of phenol formaldehyde foam—this has immediate growth potential for heat insulation and this work will be much extended during the current year.

Mr. Russel says the company is also marketing development quantities of speciality monomers internationally and considerable growth is expected over the next five years.

As known, turnover for the year to February 29, 1976 improved from £40.24m. to £42.38m. and pre-tax profit was £1.91m., compared with £2.94m.

The urethane division contributed £11.21m. £(10.26m.) to turnover, agrochemicals £9m. (£7.47m.), surfactants £7.91m. (£8.74m.), plastics and industrial chemicals £13.72m. (£13.38m.) and leather chemicals £0.34m. (£0.18m.). Exports accounted for £14.43m., an increase of 22 per cent. while the value of U.K. sales declined by 1.3 per cent.

Adjusted for inflation, by reference to the general index of retail prices, the 1975/6 pre-tax profit would be reduced to £1.37m.

Shell Chemicals U.K. holds 13.26 per cent. of the Ordinary and Miss A. C. Kroch 20.87 per cent.

Meeting, Manchester, August 4, noon.

Rexmore set for growth

RESULTS FOR the current year should prove that Rexmore has now consolidated its position in terms of future growth and financial stability, the chairman, Mr. A. Rosenblatt, says in his annual report.

The considerable re-organisation is now beginning to reap benefits and first quarter returns indicate that turnover and profits are ahead of the same period of last year.

Overall, the group's traditional markets have remained stable and the directors look forward to an improvement in the major share. Solid, rather than dramatic progress is looked for, says the chairman.

The targets of a profit improvement and a further reduction in stocks and borrowings have been achieved and will continue over the next year. The intention is to hold minimum stocks and a further improvement in the stock-turnover ratio is confidently predicted.

As known, pre-tax profits for the year ended March 31, 1976 increased from £1.19m. to £1.41m. on higher turnover of £38.17m. against £34.31m.

Referring to the household textile division, the chairman says the re-organisation at Friedland's has progressed, and he expects the division to produce a profit contribution and further recover some of the ground lost in previous years.

The upholstery, bedding and weaving division is making a major contribution towards group profitability. With further capacity available, it is expected that the Blackburn Group will be a major contributor towards prosperity in future years.

Unerman Holdings has continued to exceed targets, and the company will be publishing its own annual report simultaneously to Rexmore's.

Records have been broken in both turnover and profitability, and the Rexmore investment has appreciated by over £730,000 on its original cost.

The wholesale distribution division has been extremely satisfactory, there has been a resurgence in contract furnishing, while the renovation trade has remained very steady.

In addition, in the new trading year two new products will be introduced designed especially for the contract trade, and the chairman looks forward to continuing growth for the current year.

Furnishing and fashion trimming is expected to produce a significant improvement while dyeing and warping is looking for a modest contribution towards group profitability.

Following re-organisation of Newage Kitchens Holdings, the group will no longer consolidate Newage as a wholly-owned subsidiary.

Trade has been buoyant and with the additional capital available to Newage, directors expect further expansion and that the investment should prove very profitable.

The group trades as converters of textile and PVC products.

Fuller Smith & Turner

TURNOVER of brewers, Fuller, Smith and Turner exceeded £10m. for the first time in the year ended March 31, 1976 and profits before tax rose from £443,166 to £674,824, an increase of 52.3 per cent.

Earnings on the £1 ordinary capital before extraordinary items were up from 21.02p to 32.88p and a net final dividend of 4.4 per cent. makes a maximum permissible 9.4 per cent.

With his report accompanying the annual results, the chairman, Mr. L. J. Turner says that despite further taxation, sales continue to grow and are 24 per cent. up for the three months to June.

He sees no reason why the group should not enjoy another successful year, but warns that shareholders should not expect the same rate of increase in earnings.

	1975-76 £	1974-75 £
Turnover	10,246,000	7,782,000
Trading profit	978,540	623,530
Interest payable	303,716	180,664
Profit before tax	674,824	443,166
Tax	307,323	202,200
Net profit	367,501	240,966
Extraord. items	163,926	93,190
Preference dividends	16,500	16,500
Attrib. Ordinary	514,927	317,356
Ordinary dividends	100,559	81,943
Retained	414,368	235,413

The chairman says the higher level of profit and depreciation combined with proceeds of property sales surplus to requirements have together produced a cash inflow of £1.24m., almost £870,000 more than in 1975. The total available funds of £2.1m. over the two years have enabled the group to make progress with further stages of re-equipping the brewery in addition to their other capital programme.

Increases in the value of stocks and debtors at the end of March exceeded the increase in creditors etc. by £256,000 which was and continues to be, a heavy drain upon resources says Mr. Turner. Total bank borrowings have only increased by £89,000 in a year of high inflation.

The sales drive produced excellent results and the number of free trade customers has risen substantially resulting in a 30 per cent. increase in beer trade.

DoT gives ultimatum to Equity Enterprises

BY JOHN HUNT

A WARNING was given yesterday that the Department of Trade will launch a prosecution unless up-to-date annual accounts are filed within the next two weeks for Equity Enterprises, the entertainment and leisure group founded by Mr. David Frost, the TV personality.

The warning came from Mr. Stanley Clinton Davis, Under-Secretary for Trade, when he told the Commons that the last annual accounts for the company were lodged at Companies House on November 29, 1974, and covered the period ended December 31, 1973.

He agreed that it would be a good idea for the Government to have a "blitz" against companies which failed to file their returns as required by law.

He said that at present there was no action pending against Equity Enterprises but that if the accounts were not forthcoming within the next two weeks action would be prosecuted under section 148.

Equity Enterprises was formed in February, 1972, with Mr. Frost subscribing 28 per cent. of the shares worth £198,000 and becoming its first chairman.

In the Common yesterday Mr. Ian Wrigglesworth (Lab., Thornaby) said that the shares of the company had been suspended since April last year and there were many unanswered questions which the public and shareholders would like explained. He suggested that the Minister should ask Mr. Frost and the other directors to make an early statement about the affairs of the company.

Brook St. Bureau

Mr. Eric Hurst, joint chairman of Brook Street Bureau of Mayfair, the office staff agency, told yesterday's annual meeting that "latest reports from Australia and America indicate that our operations there are currently profitable and that recent results in the U.K. are commensurate with an increased profit in the second half.

"One must remain cautious but cautiously optimistic. Regarding the employment act, nothing better could have happened to our industry," he declared.

OUTWICH REPAYS $2½M. LOAN

Outwich Investment Trust announces that the balance outstanding under the revolving credit arrangement with the Northern Trust Company amounting to $U.S.2.5m. was repaid on June 29 under the agreement terms. The credit arrangement has now been terminated.

...ECENT ISSUES

EQUITIES

FIXED INTEREST STOCKS

"RIGHTS" OFFERS

MINING NEWS

Lower gold profits in the June quarter

BY KENNETH MARSTON, MINING EDITOR

NOT SURPRISINGLY the South African June quarterly report season has opened in a low key. For the most part the average bullion prices received in the past three months by the mines in the Anglo American Corporation group run at around $122 per ounce, little changed on the prices obtained in the March quarter.

The amount of ore milled is generally higher, no doubt reflecting the successful efforts made to overcome the shortage of Black labour, and several mines have raised their ore milling grades. Costs continue to edge up, however, and the overall result is generally one of reduced working profits or increased losses. They are compared in the following table.

	June qtr. R000	Mar. qtr. R000	Dec. qtr. R000
E. Daggafontein	*760	*630	*292
Freddies	*516	*450	*387
Free State Geduld	17,789	17,751	18,076
F. State Saaiplaas	*1,027	*1,166	54
President Brand	16,613	19,255	20,023
President Steyn	6,230	3,902	8,250
S.A. Lands	*1,056	*364	971
Vaal Reefs	18,908	20,634	30,579
Welkom	1,270	2,619	1,700
Western Deep	18,767	21,598	32,345
Western Holdings	20,289	18,948	20,949

* Loss.

Free State Geduld has come out well, having maintained its working surplus despite the receipt of a lower than average bullion price of $115 per ounce compared with $125 in the previous three months. Planned production for the year to September 30 has been further reduced to 2.1m. tonnes grading 16 grams gold from the original 2.4m. tonnes grading 13 grams.

A rise in profits of Western Holdings reflects a good increase in gold production as does that of the young Vaal Reefs South; the latter pays royalties on a 45-55 per cent. basis to Vaal Reefs and Southvaal. On the other hand, a lower gold price of $121 compared with $125 in the March quarter has lowered profits of President Brand.

President Steyn expects to commission in August the gold plant extensions which will raise milling capacity to 350,000 tonnes a month but it is not expected that the tonnage build-up will be achieved until after March, 1977. The mine milled an average of 283,000 tonnes a month last quarter.

Western Deep has revised its 1976 production target from 3.24m. tonnes to 3m. tonnes grading 13.3 grams as a result of underground fires and a Black labour shortage in the March quarter. A lower gold grade has increased losses at "Sallies" which is to make a further announcement in due course regarding the programme to drill to the south and south-west of the present workings and its financing arrangements.

RANDFONTEIN

In the Johannesburg Consolidated group, despite a modestly lower gold price received Randfontein has increased profits owing to a sharp increase in the grade of ore milled. In the latest quarter the ore grade rose by 2.4 grams per tonne to 16.5g/t. For the marginal Western Areas mine, a modest decline in grade of ore milled and marginally higher workings costs have offset an increased milling rate and profits show a small fall on the previous three months.

At the new Otjihase copper mine in South-West Africa a significant improvement is reported in the underground production rate. The new furnace installed at Tsumeb for the treatment of Otjihase ore was fired in time for smelting to commence at the beginning of June and first deliveries of blister copper are due therefrom during this month.

	June qtr. R000	Mar. qtr. R000	Dec. qtr. R000
Randfontein	8,499	7,740	7,272
Western Areas	4,581	3,275	7,841

PARINGA STAKE IN MACKINTOSH

Australia's Paringa Mining and Exploration has reduced its stake in the Mackintosh base metal prospect at Que River, Tasmania to 10 per cent. from 20 per cent. previously in return for $68,000 (£47,000) and a free carried interest until the other parties spend another $5.32m. (£3.29m.) on the joint venture.

Equity interests in the venture will now become Canada's Comineo 27 per cent., Cleveland Tin 50.4 per cent., Aberfoyle Tin 12.6 per cent. and Paringa 10 per cent. The principal technical reports on the projects feasibility are completed and the economic study is well advanced.

The deal means that Paringa will maintain its 10 per cent. stake without contributing a proportionate amount in future ventures after the initial $2m. outlay is exhausted. Paringa says it examined its position in the light of the likely substantial expenditure needed to prove and, if appropriate, develop Que River and decided to retain an interest but continuing cash requirements made it impossible to maintain the stake at 20 per cent. Paringa were 15p yesterday.

OLD MUTUAL AT RICHARDS BAY

The South African Mutual Life Assurance Society (Old Mutual) is to take a 10 per cent. stake in the big Richards Bay heavy minerals project in Natal. Old Mutual's participation will reduce Industrial Development Corporation of South Africa's stake to 20 per cent. with the remaining holdings being as before. That is, Union Corporation 30 per cent and Quebec Iron and Titanium Corporation—a Canadian offshoot of Kennecott—with 40 per cent.

The development costs of the project were last estimated at R250m. (£161m.) and production is expected within two years. Full annual capacity is put at 56,000 tons of rutile, 115,000 tons of zircon, 399,000 tons of titania slag and 217,000 tons of low-manganese pig iron. Union Corporation were 295p yesterday.

GENERAL MINING

In the June quarterly reports issued by the gold and uranium mines in the General Mining group, Stilfontein's working surplus shows a modest improvement after the setback to production that was caused by an underground fire in the previous three months.

West Rand Consolidated's loss has been reduced thanks to increased sales of uranium in terms of fixed commitments which occur at irregular intervals during the year. Buffels' ore reserves have increased from 6.07m. tonnes a year ago to 7.03m. tonnes grading 13.86 grams gold and 0.37 kg. uranium per tonne.

	June qtr. R000	Mar. qtr. R000	Dec. qtr. R000
Buffelsfontein	8,404	10,834	13,021
S. Roodepoort	*276	*37	*232
Stilfontein	832	512	2,032
W. Rand Cons.	*637	*1,808	*412

* Loss.

MINING BRIEFS

NEW GUINEA GOLDFIELDS—June production: Golden Ridges Mill: Milled 6,846 tonnes ore assaying .121 per cent. Gold produced 810.51 ounces. Silver produced 765.67 ounces. Edie Creek Gold produced 32.66 ounces. Silver produced 45.71 ounces. Wau Sawmill Sawn timber produced 220,673 super feet.

MOUNT ISA MINES—Production for the period June 7 to July 4: Lead ore treated 194,556 tonnes, produced 10,900 tonnes crude lead and 18,001 tonnes zinc concentrates. Copper ore treated 354,943 tonnes produced 12,330 tonnes blister copper.

Giltspur down £0.66m. but now improving

GROUP TURNOVER for the year to March 31, 1976, of Giltspur rose from £46.14m. to £52.53m., but after exceptional losses in German subsidiaries of £0.4m., pre-tax profits fell from £1.95m. to £1.29m. At mid-way profits were £1.06m. against £1.31m.

Full-year earnings are shown to be down from 5.3p to 3.4p per 10p share but as promised the final dividend is 1.5p net lifting the total from 2.2p to 2.4p.

	1975-76 £	1974-75 £
Group turnover	52,530,754	46,136,867
Operating profit	2,423,733	2,601,094
Div. frm. former ass.	60,817	25,716
Interest	523,620	674,145
Exceptional item	389,479	—
Profit before tax*	1,291,248	1,952,665
Tax	680,272	1,010,465
Minorities	4,346	12,228
Attributable	615,522	954,528
Extraord. credits	129,228	*165,231
Add. 1974 dividend	—	2,669
Interim	162,307	145,276
Final proposed	272,515	234,232
Retained	309,731	354,100

* Debits

Giltspur Bullens Freight contributed £16.57m. (£15.26m.) to turnover and £1.03m. (£1.28m.) to operating profit; Giltspur Engineering Group £3.19m. (£4.89m.) and £84,000 (£74,000 loss); Giltspur Expo Industries £12.61m. (£8.26m.) and £503,000 (£630,000); and Giltspur Motor Industries £20.45m. (£17.7m.) and £0.73m. (£0.83m.). The service and property companies added £90,000 (£140,000) to profits.

The chairman, Mr. Maxwell Joseph, tells members that the *improvement in trading conditions* anticipated in the interim report has been reflected in the results of some operating companies in the early months of 1976, but this upturn came too late to make any real impact on profitability in the year to March 31.

On the provision for exceptional losses incurred by the German subsidiaries he says that in the last two years the group has established by acquisition and subsequent development a major *interest in the German exhibition* hire market. It has taken rather *longer than anticipated* to bring the administration of these companies into line with required group standards.

Progressively tighter control procedures over recent months have disclosed the degree by which the local accounting systems had broken down, and it has been necessary to make the substantial provisions.

The group's holding in the merchant bank Fraser Ansbacher represented some years ago 46 per cent. of that company's equity. Increases in its issued capital over recent years have however reduced this percentage, and at March 1976 the Giltspur holding was a little short of 18 per cent. Further shares in the bank are held by *Mr. Joseph personally* and by Grand Metropolitan, of which he is chairman. At March 31 these three holdings together represented some 51 per cent.

In April this year the American-based Lissauer Group took a stake in Fraser Ansbacher by an injection of new equity and loan capital. Lissauer currently has an equity interest of 25 per cent. and the Giltspur holding is reduced to 14 per cent.

It has been agreed with Lissauer and Fraser Ansbacher *that over the next few months* part of the shares held by Giltspur, Grand Metropolitan and Mr. Joseph will be placed with a broader spread of institutional holders. The effect of such a placing will be to reduce the Giltspur holding to approximately 8 *per cent.*

In view of these changes it is considered inappropriate to continue to consolidate Fraser Ansbacher as an associated company, and this year's accounts therefore reflect only the dividend received from the investment. The comparative figures have been adjusted on to the same basis.

As to the future the chairman says that internationally "the industrial gloom is lifting." This is seen firstly through the Expo division, where longer term *prospects are brighter than for some* time.

Engineering design companies are usually in the forefront of any uplift in trade but firm demand for design services has been slow to pick up in Britain, demonstrating perhaps the amount of spare industrial capacity still existing.

The group has disposed of one or two loss-making activities and has made useful progress in creating a more cohesive trading group.

The first and fundamental objective is to build up the profitability of the group business as now constituted and thus establish an acceptable return on the investment involved, he adds.

● comment

Giltspur's hopes at half-time for improved profits were foiled right at the end of the year, particularly as the extent of the German company's problems became apparent. But even without the German loss, pre-tax profits would still have been down 13 per cent. as a result of depression throughout the group's divisions. Giltspur's difficulties last year also seem to have been exaggerated by start-up costs affecting freight and packaging. However, the current year is to be one of consolida*tion and* while the German concern is expected to break even, benefits should also be seen from the upturn in the U.S. expo interests and from engineering once the U.K. economy picks up. Meanwhile, however, interest charges remain a burden where *borrowings* (at 74 per cent. of shareholders' funds in 1974-75) are not much changed. The 30p shares are backed by a net asset value put at 66p (against 67.5p previously) and the yield is 13 per cent. covered 1.4 times. The *p/e* is 8.4.

Cornercroft warns of profit fall

MR. A. W. HARTWELL, chairman *of Cornercroft*, the *mechanical* and aeronautical engineering group, warns holders in his interim statement that the profit for the current year may well fall short of the £290,263 achieved in 1974-75.

In the first six months ended March 31, 1976 external sales were marginally lower at £1.92m. compared with £1.96m. and profits showed a reduction from £105,000 to £93,000. Earnings per 20p share are up from 1.97p to 2.07p reflecting a lower tax charge.

For seasonal reasons the group's profits for the second six months are expected to exceed those of the first, but trading conditions continue to be difficult, says the chairman.

The net interim dividend is un*changed at 0.78p net—the total* for the year 1974-75 was 2.6p.

BIDS AND DEALS

U.S. backing for London Scottish Finance

BY MARGARET REID

A 20 PER CENT. share stake is to be taken in London Scottish Finance Corporation, the Manchester-based financial concern which makes personal loans, by FIMS, a subsidiary of the U.S. group *ISC Financial Corporation.*

Backing by the American-controlled company will be a considerable reinforcement to London Scottish, whose business was somewhat reduced during the secondary banking upheaval of the past two years, though it did not have recourse to the big banks' "lifeboat."

FIMS is puttin g£230,000 into London Scottish by subscribing for 1,022,000 new shares at 22½p each. This is above the market price as it stood before yesterday's announcement, after which the quotation closed 4½p higher at 21½p.

London Scottish, the former Refuge Securities, conducts a personal loan business to some *40,000 borrowers, mostly for* relatively small amounts of a few hundreds of pounds. A feature is that some 90 per cent. of borrowers take out credit insurance against non-repayment of their loans through death or sickness. This business is largely placed through FIMS.

London Scottish, which collects most of the sums due to it through doorstep calls on borrowers at week-ends, also runs a debt collection service for other consumer credit companies, credit *card companies and retailers.*

Mr. Jack Livingstone, managing director of London Scottish, said yesterday of the deal: "We built up a personal association with the Americans through the credit insurance. The upshot of talks was that they offered to subscribe 20 per cent. of our enlarged capital; they believe it is the right time to move into the British market.

"We relished it too. Obviously after the last two years, any sign of confidence from an outside investor we welcome. Consumer credit business is beginning to pick up a bit and the money will be useful."

At present, 60 per cent. of London Scottish' shares is controlled by the directors and their *families. This proportion will fall* to a little under 50 per cent. when the new shares are issued to FIMS. Just over 12 per cent. of the existing shares are held by Samuel Montagu, the merchant banking arm of the Midland Bank *which has advised on the present* transaction.

Samuel Montagu heads a syndicate of some 12 banks which provides finance of around £2.3m. to London Scottish. This is a substantial proportion of the group's "bank loans and acceptances," *shown in the last balance* sheet at £4.6m.

Mr. Livingstone added that the new American partners had offered to use their best endeavours to find additional lines of credit, now that business for London Scottish was expected to burgeon again in the next two *years.*

ISC, FIMS' U.S. parent, has assets of more than $500m. (£280m.). It runs a business in small personal loans and insurance; Mr. Livingstone also remarked: "their knowledge could be useful to us."

On completion of the deal, Mr. Paul Hamilton, president and chief executive officer of ISC, and Mr. Robert Barton, executive vice-president of ISC, will join the London Scottish Board. London Scottish chairman, Mr. Roland Landman, will become a director of FIMS. Mr. Landman at one time ran the Financings group, before it was sold to First National Finance Corporation, of which he was a director for a time before joining the Board of the then *Refuge Securities in 1972.*

U.S. DEAL FALLS THROUGH

Reckit and Colman's £10m. deal with the *National Paragon Corporation*, through its main U.S. sub*sidiary R. T. French*, has fallen through.

R. T. French had originally proposed to make a tender offer of $12.75 for each National Paragon share but following the publication of NP's results for the year to March 31, 1976, there was considerable disagreement over the value of the offer, with Reckitt and Colman's subsidiary wanting a lower, and National Paragon a higher, price.

STRONG & FISHER

Strong and Fisher has agreed to purchase the capital of Strong, Rawle and Strong (Holdings), which is engaged in hide and skin merchanting and fellmongering of sheep and lamb skins.

Profit before tax of SRS for the year ended June 28, 1975, amounted to £104,263. The unaudited profit before tax for SRS *for the six months* ended December 31, 1975, was £79,606. In view of the trading conditions which prevailed in the first half of 1976 it is not expected that the *profit of SRS for the full year* will show a significant increase on that of the first six months.

Net tangible assets of SRS as at June 28, 1975 amounted to £495,306. A professional valuation on a going concern basis of the freehold land and buildings as at July 7, 1976, of £483,000 gave a surplus over book value of £274,000 after deduction of related tax provisions. Taking account of this valuation, the adjusted net tangible assets of SRS as at June 28, would be £769,306.

Consideration for the acquisition will be satisfied by the issue of £312,500 nominal of a new unlisted 12½ per cent. unsecured loan stock 1978/82, 281,250 new ordinary 25p shares, and £31,250 cash. Taking the loan stock at par and valuing the new shares at 95p (closing middle market *price on July 9*), the aggregate consideration amounts to some £611,000.

McCORQUODALE EXPANSION IN FRANCE

The McCorquodale group's French subsidiary Pahchroma of Lagny, near Paris has acquired a major interest in Typolac of Besse-sur-Braye.

Mr. G. T. Dee, managing director of McCorquodale colour display said that the acquisition was in line with the group's policy of expanding in areas where it had proven expertise and where at the same time there was considerable long-term growth *potential.*

Typolac, a private company, manufactures colour cards for the paint industry.

J. M. NEWTON

The shares of John M. Newton, builders and glass merchants, bounded 6p higher to 60p yesterday amid rumours, later confirmed, that it had received a bid approach.

Mr. Jock Spindlow, chairman of Newton and controller of over 60 per cent. of the shares, told shareholders to take no action yesterday but added later that the suitor was a large public company.

Newton has had an unbroken profits growth record since 1966 and the present price of 60p places a value of £2¼m. on the company.

In May, George Wimpey made an agreed £2m. bid for W. W. Hall, a distributor of heavy types of building materials.

Wimpey announced yesterday that its offer had now become unconditional in all respects and would remain open until further notice. Acceptances have been received in respect of 62.5 per cent. of the Hall equity.

ASSOCIATE DEALS

Robert Fleming & Co. announce that an associate of International Combustion (Holdings) purchased on July 9 30,000 ICH at 8½p.

Vickers, Da Costa and Co. bought 25,000 Forum Properties at 43½p on behalf of Woodhouse Drake and Carey.

Laing and Cruickshank bought on July 8 4,000 Beyer Peacock and Co. at 25p for an associate.

Laurie Milbank and Co. on July 9 bought 12,500 Dent Fownes at 19½p on behalf of Ace Investment Company—a subsidiary of Anglo African Finance.

County Bank purchased 45,000 sharse in To mMartin Metals Group at 82p on behalf of S and W Berisford.

Welfare extends K & H offe

Welfare Insurance (announces that the ac date for the offer of 80p for each Ordinary share and Henderson not alread has been extended to 3.00 July 21.

Welfare held 2,145,000 shares in K and H on the date prior to the a ment that an approach made. Acceptances of have been received in re 19,391 shares. Welfare acquired or agreed to ac shares in K and H since 1976.

PROPERTY GRO BUYING 55% O ABERCORN & (

Castlemere Propert privately-owned Ma based property comp *entered* into an agree acquire 1.085m. shares corn General Investm per cent. of the equi price of 77p a share. S the deal being effecte mere under the City Take-overs and Merger to acquire the remaind capital at the same pr places a value on Ab over £1.5m.

The agreement to ac 55 per cent. holding in is conditional on Imp Assurance acquiring of Castlemere. It is that the quotation of which is o property and development com be maintained.

SUNLIGHT SE —VANTONA

A letter has been sen holders of Sunlight Ser regarding the group's announced proposal Modeluxe Linen Service Vantona Group.

Consideration for th £1,774,000 in cash, plu after one year. Mid has granted a facility of £2m. to finance the of Modeluxe, repayabl *amounts in the calen* 1977 to 1983 with a pr payment in 1976. S the loan will be fixed. Midland Bank has agr vide an overdraft of Sunlight for "curren purposes," which will tain existing facilities.

The Board of Sunli ing shareholders to vot of resolutions to inc light's borrowing pow amount that allows f ancing of the acquisi directors, representing cent. of the capital, ar to vote in favour.

CLARKE CHA

Clarke Chapman h the business formerly by Weldcontrol (Dev field of design, devel manufacture of mech automated welding sy

SHARE STAK

Patino NV has additional 81,000 A Metal Ordinary sha holding is 3,363,610 per cent.).

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OINTMENTS

niths Food Group—U.K.

ack Liquorish has been d chairman of SMITHS ROUP—U.K., in addition sponsibilities as managing Smiths Division. He Mr. R. K. Swanson who ning to the U.S. Mr. h joined Smiths in 1967. ew post he is responsible wanson, who is chairman hief executive officer, Mills Europe and a group ident of General Mills r. Swanson will continue ponsible for General Mills food activities as well as responsibility for Mills Canada food opera- d the General Mills U.S. Cereal Division.

★

atrick Mills has been d financial director of ATIONAL STORES. He iously finance director of products division, Wilkin- h.

★

H. Rieppel has been d to the Board of HILL SECURITIES.

ARBUTHNOT INSURANCE SERVICES has appointed Mr. J. F. Crudgington and Mr. H. C. L. Prior joint managing directors of Golding Collins (Reinsurance Brokers), and Mr. M. E. Warrington director of Golding Adam (Underwriting Managers).

★

Mr. Des Mills has been appointed City U.K. property underwriting manager of EXCESS INSURANCE GROUP. His responsibility will be the co-ordination and control of all U.K. property underwriting in London reporting to Mr. D. W. White.

★

The following have been appointed assistant general managers of SCANDINAVIAN BANK: Mr. J. M. Hale, treasury and foreign exchange; Mr. J. E. G. Lundqvist, international capital market; and Mr. J. B. W. Shield, business development.

★

Mr. L. R. K. Beckett, Lloyd's underwriter, has been elected chairman of the SALVAGE ASSOCIATION, and Mr. N. M. Hudson, group adjuster of marine claims, Commercial Union Assurance Group, has been elected deputy chairman.

★

Mr. C. H. Woodhouse has retired as chairman of WOODHOUSE DRAKE AND CAREY and has been succeeded by Mr. R. E. Fisher.

★

Mr. H. W. Darvill, former assistant secretary to the PUBLIC WORKS LOAN COMMISSIONERS, has been appointed secretary to the Commissioners in succession to Mr. I. de L. Radice, who has retired.

★

Mr. Ronald Perry, managing director of Westward Television, Plymouth, has been appointed to the 10-man executive committee of ASSOCIATION FOR BUSINESS SPONSORSHIP OF THE ARTS.

★

Mr. A. D. Stroud has been appointed export sales director of IMI STANTON, a member of Imperial Metal Industries group. He joined the company in 1946.

International share issue by Japan clothing concern

BY MICHAEL LAFFERTY

RENOWN, the large Japanese clothing company which is seeking a London quotation for its shares, has announced arrangements to issue 5m. new Y50 shares by means of a public offering in international markets.

Negotiations are still going on with the Stock Exchange authorities to have the company's shares listed in London and an announcement may be made towards the middle of next week.

The accounting firms to be associated with the company's introduction to London are the Chuo Audit Corporation of Tokyo, Renown's auditors, and Coopers & Lybrand of the U.K., with which Chuo is associated. It is not yet clear to what extent Coopers & Lybrand will be reporting on the Renown accounts, but the likelihood is that at least some of the accounting information in the introduction document will be reported on by the Japanese accounting firm.

Such an arrangement would be in line with indications that the London Exchange authorities may be willing to relax some of its previous accounting requirements for overseas companies seeking London quotes. At present only three Japanese shares are listed in London.

Renown's consolidated sales amounted to Y131,107m. ($430m.) in the year ended December 31, 1975, and net income was Y2,025m. ($6.6m.).

Boats to Egypt

THE NORFOLK boat building concern, Dawncraft in Wroxham has won its biggest-ever order worth £½m. to supply 60 patrol vessels and launches for the police and port authorities in Egypt.

HOME CONTRACTS

Bailey Meters' £4m. power work

BAILEY METERS AND CONTROLS, Croydon (Babcock and Wilcox group), has been awarded three contracts totalling £4m. for the supply, installation and commissioning of equipment at the CEGB's Littlebrook D power station. They include control equipment, transmitters, central control room desks and panels.

★

MEL EQUIPMENT COMPANY, Crawley, Sussex, has received a contract worth more than £1m. from the Ministry of Defence (Procurement Executive) for the supply of ARI 5955 radar systems, including spares and support equipment. The radars are to be fitted to the Westland Sea King HAR 3 search and rescue helicopters on order for the Royal Air Force.

★

COLLIS MECHANICAL HANDLING, Glamorganshire, has won an order worth more than £250,000 from IBM U.K., under which Collis will design, supply, instal and commission a pallet and carton handling system at the IBM factory at Greenock.

★

SELTRUST ENGINEERING has been awarded a contract by BICC Metals to engineer the modernisation and expansion of BICC's copper refinery at Prescot, near Liverpool. The project includes relocation and expansion of anode casting facilities comprising an Asarco shaft furnace, reverberatory furnace and Hazelett continuous casting system. The new electrolytic tankhouse will have a design capacity of 55,000 tonnes per annum of refined copper.

★

BRITISH ROPEWAY ENGINEERING COMPANY, Sevenoaks, Kent, has been awarded a £700,000 contract by Mersey Docks and Harbour Company for supply and erection of a mechanical handling system and ancillary equipment for the Royal Seaforth grain terminal.

★

APV PARAMOUNT, Crawley, West Sussex, is to supply £120,000 worth of reformer tube assemblies, amnifold and tube support castings, as well as spare assemblies, for the new hydrogen plant to be constructed at Flixborough, South Humberside, for Nypro (U.K.) by Kinetics Technology International.

★

DAVID BROWN GEAR INDUSTRIES has been awarded an order worth £150,000 for geared motor units for table roller drive duties at the Scunthorpe works of the British Steel Corporation. A further order, from Davy-Loewy, is for large double reduction worm-helical gear units for cooling bank drives in a new extension planned for the bloom and billet mill at Scunthorpe.

★

BESTOBEL VALVES has been awarded a contract worth £112,000 for the supply of butterfly valves from Davy Ashmore. The valves will be used in the British Steel Corporation's new continuous steel processing plant, the first of which is under construction at Redcar. They will be fitted in the cooling water control systems around the blast furnaces.

General Mining Group

GOLD MINING COMPANIES' REPORTS FOR THE QUARTER ENDED 30 JUNE 1976

All companies mentioned are incorporated in the Republic of South Africa

BUFFELSFONTEIN GOLD MINING COMPANY LIMITED

Issued Capital—11,000,000 shares of R1 each.

Operating results	Quarter ended 30 June 1976	Quarter ended 31 March 1976	12 months to 30 June 1976
Gold			
Ore milled . . . . (t)	755,000	752,000	3,054,000
Ore milled by Stilfontein (t)	27,000	43,000	118,000
Ore milled—Total . . (t)	782,000	795,000	3,172,000
Gold produced . . . (kg)	6,946·518	7,080·784	28,492·239
Gold produced by Stilfontein . . . . (kg)	248·820	405·758	1,051·641
Gold produced—Total (kg)	7,195·338	7,486·542	29,543·880
Yield . . . . . . (g/t)	9·20	9·42	9·33
Yield by Stilfontein (g/t)	9·22	9·44	8·91
Yield—Total . . (g/t)	9·20	9·42	9·31
Revenue per ton milled (R)	31·69	32·47	33·04
Cost per ton milled . . (R)	22·92	21·23	21·46
Profit per ton milled . . (R)	8·77	11·24	11·58
Uranium			
Pulp treated . . . . (t)	770,000	738,000	3,053,000
Oxide produced . . (kg)	133,150	144,650	558,200
Yield per ton . . . (kg/t)	0·173	0·196	0·183
Financial (R'000)			
Working revenue . (gold)	24,783	25,814	104,818
Working costs . . . (gold)	17,920	16,879	68,087
Working profit . . (gold)	6,863	8,935	36,731
Profit on uranium production	1,298	1,838	4,927
Profit on sale of pyrite . .	209	56	458
Profit on sale of acid . .	24	25	97
Profit at mine	8,394	10,854	42,213
Net additional revenue . .	408	347	1,185
Less interest	3	2	12
Profit before taxation and State's share of profit . .	8,799	11,199	43,386
Taxation and State's share of profit	4,633	5,790	21,174
Profit after taxation and State's share of profit	4,166	5,409	22,212
Capital expenditure:			
Gold	2,162	1,412	6,659
Uranium and acid . . .	256	18	286
Trade investments . . .	Cr.15	20	6
Dividends: declared . . .	5,500	—	13,750
cents per share	50	—	125
Loan repayments	—	—	46
Loan balance outstanding	30	30	30
Development			
Advanced . . . . . (m)	14,488	15,080	60,167
Sampling results:			
Sampled . . . . (m)	1,107	1,404	5,100
Channel width . . . (cm)	112	115	112
Average value:			
Gold . . . . (cm.g/t)	1,647	2,059	1,968
Uranium . . (cm.kg/t)	54·65	62·99	59·60
Payable:			
Metres . . . . . . (m)	654	1,104	3,639
Percentage	59·1	78·6	71·4
Channel width . (cm)	106	108	108
Value: gold . . . . . (g/t)	20·82	22·17	22·41
. . . . (cm.g/t)	2,209	2,396	2,427
Value: uranium . (kg/t)	0·641	0·634	0·628
(cm.kg/t)	67·99	68·57	67·84

Development Summary
for the three months ended 30 June 1976

Area	Payable metres	Percentage payable	Channel width cm	Gold g/t	Gold cm.g/t	Uranium kg/t	Uranium cm.kg/t
Pioneer Shaft . .	Nil	—	—	—	—	—	—
Pioneer Secondary .	195	57·0	104	19·80	2,062	0·424	44·12
Eastern Shaft (incl. Lucas) . .	39	40·6	50	30·36	1,508	0·749	37·45
Southern Shaft . .	336	80·6	113	20·91	2,372	0·802	90·66
Orangia Shaft . .	84	33·3	108	20·65	2,227	0·434	46·89
Totals	654	59·1	106	20·82	2,209	0·641	67·99

ORE RESERVES at 30th June 1976

	Available	Unavailable	Total Mine
Tons	5,278,000	1,750,000	7,028,000
Stopewidth—cm	154	148	153
Value: gold—g/t	13·10	16·22	13·86
—cm.g/t	2,030	2,397	2,117
Uranium			
—kg/t	0·377	0·359	0·373
—cm.kg/t . . .	58·23	53·03	56·89

Pay limit related to a gold price of R3,634/Kg $130/oz.

REMARKS

Production (Gold)
The lower production for the quarter was due to some extent to the inter-tribal disturbances in the Southern Hostel during May.
The mill throughput was supplemented by drawing a total of 34,000 tons from the Eastern Shaft stockpile.
The total of 782,000 tons milled for the quarter included 27,000 tons milled at Stilfontein.

Production (Uranium)
The yield per ton was adversely affected by the lower production derived from the Southern Shaft Area where the grade is higher than the rest of the mine.

Working Costs
Working Costs were affected by the annual increases to both White and Black employees as from 1 June 1976.

Capital Expenditure
The main items of capital expenditure were initial payments on hoists for the proposed Strathmore Shaft, winders; access development headings into the Eastern Area; underground refrigeration.
There are commitments for capital expenditure totalling R3,213,819.

On behalf of the board,
J. C. FRITZ
W. B. COETZER *Directors*

STILFONTEIN GOLD MINING COMPANY LIMITED

Issued Capital—13,062,920 shares of 50 cents each.

Operating results	Quarter ended 30 June 1976	Quarter ended 31 March 1976	6 months to 30 June 1976
Stilfontein Ore milled (t)	473,000	433,000	906,000
Gold produced—Stilfontein ore . . (kg)	4,101·064	3,627·885	7,728·949
Yield—Stilfontein ore (g/t)	8·67	8·38	8·53
Revenue per ton milled (R)	29·45	29·87	29·65
Cost per ton milled . (R)	27·48	28·02	27·74
Profit per ton milled . (R)	1·97	1·85	1·91
Financial (R'000)			
Working revenue . (gold)	13,932	12,932	26,864
Working costs . . . (gold)	13,000	12,133	25,133
Working profit . . (gold)	932	799	1,731
State aid	479	596	1,075
Profit on sale of acid . .	20	13	33
Profit at mine	1,431	1,408	2,839
Net additional revenue .	120	122	242
Less interest	39	39	78
Profit before taxation and State's share of profit .	1,512	1,491	3,003
Taxation and State's share of profit	33	49	82
Profit after taxation and State's share of profit .	1,479	1,442	2,921
Capital expenditure . . .	519	677	1,196
Trade investments . . .	Cr.10	Cr.27	Cr.37
Dividends: declared . .	1,437	—	1,437
cents per share	11	—	11
Loan repayments	108	—	108
Loan balance outstanding	1,324	1,432	1,324
Development			
Advanced . . . . (m)	4,808	5,206	10,014
Sampling results:			
Samples . . . . (m)	1,107	996	2,103
Channel width . . . (cm)	17	16	17
Average value . . (cm.g/t)	1,160	1,321	1,238
Payable:			
Metres . . . . . . (m)	621	654	1,275
Percentage	56·1	65·7	60·6
Channel width . . . (cm)	16	16	16
Value . . . . . . (g/t)	109·5	113·5	111·5
. . . . (cm.g/t)	1,719	1,804	1,763

Development Summary
for the three months ended 30 June 1976

Area	Payable metres	Percentage payable	Channel width cm	g/t	cm.g/t
Scott Shaft	243	60·9	16	123·7	2,029
E.S.V. Shaft	378	65·3	15	99·3	1,520
Totals	621	56·1	16	109·5	1,719

REMARKS

Production
The tonnage throughput for the quarter increased by 40,000 following the recovery in production after the fire which caused delays in underground operations.
The recovery of gold was 473 kilograms higher as a result of the higher milling rate and an improvement in recovery grade.

Working Costs
Unit working costs improved by 54 cents per ton milled due to the higher milling rate.

Capital
The main items in capital expenditure were in respect of underground refrigeration R168,000; underground development in the Kromdraai area R171,000; additional surface ventilation fans R140,000 and underground equipment R33,000.
There are commitments for capital expenditure totalling R315,416.
The estimated total capital expenditure for the remainder of the financial year is R1,704,000.

On behalf of the board
J. C. FRITZ
D. G. MALAN *Directors*

WEST RAND CONSOLIDATED MINES LIMITED

Issued Capital —4,250,000 shares of R1 each.
—25,000 deferred shares of R2 each.

Operating results	Quarter ended 30 June 1976	Quarter ended 31 March 1976	6 months to 30 June 1976
Gold Section			
Ore milled ex underground . . . (t)	262,226	290,011	552,237
Ore milled ex surface dumps . . . . . (t)	36,342	61,885	98,227
Total ore milled . . (t)	298,568	351,896	650,464
Gold produced . . . (kg)	998·284	1,247·448	2,245·732
Yield . . . . . . (g/t)	3·34	3·54	3·45
Uranium Section			
Ore to Stockpile . . . (t)	—	—	—
Gold			
Ore milled ex underground . . . (t)	160,932	99,604	260,536
Ore milled ex stockpile (t)	—	—	—
Total ore milled . . (t)	160,932	99,604	260,536
Gold produced . . . (kg)	224·716	184·991	409·707
Yield . . . . . . (g/t)	1·40	1·86	1·57
Uranium:			
Tons treated . . . . (t)	161,570	90,300	251,870
Uranium produced . (kg)	32,959	15,080	48,039
Yield . . . . . . (kg/t)	0·204	0·167	0·191
Financial (R'000)			
Working revenue . (gold)	4,396	5,175	9,571
Net revenue (uranium)	2,336	Dr.70	2,266
Net revenue (acid & pyrite)	55	Dr.5	50
Total revenue	6,787	5,100	11,887
*Working costs:			
Underground operations	7,451	6,592	14,043
Per ton milled . (R/ton)	17·61	16·84	17·28
Surface	193	316	509
Per ton milled . (R/ton)	5·31	5·24	5·18
Total working costs . .	7,644	6,908	14,552
Total per ton milled . . . (R/ton)	18·64	15·30	15·97
Working loss	857	1,808	2,665
State aid	1,186	1,442	2,628
Net additional revenue .	83	77	160
Profit/(loss) before taxation	412	(289)	123
Taxation	Cr.53	30	23
Profit/(loss) after taxation	465	(319)	146

**Excludes uranium treatment costs.*

	Quarter ended 30 June 1976	Quarter ended 31 March 1976	6 months to 30 June 1976
Capital expenditure . .	66	87	153
Dividends declared:			
Ordinary: Amount . . .	212	—	212
Cents per share	5	—	5
Deferred: Amount . . .	71	—	71
Rand per share	2·83	—	2·83
Development			
Advanced . . . . (m)	2,372	2,552	4,924
Gold Section			
Advanced . . . . (m)	1,728	2,042	3,770
Sampling results:			
Sampled . . . . . (m)	453	555	1,008
Channel width . . (cm)	80	84	82
Average value . (cm.g/t)	938	944	941
Payable:			
Metres . . . . . . (m)	116	146	262
Percentage	25·5	26·2	25·9
Channel width . . . (cm)	83	97	91
Value . . . . . . (g/t)	23·66	23·01	23·34
. . . . (cm.g/t)	1,975	2,234	2,149
Uranium Section			
Advanced . . . . . (m)	644	509	1,153
Sampling results:			
Sampled . . . . . (m)	159	168	327
Channel width . . (cm)	63	79	71
Average value:			
Uranium . . (cm.kg/t)	35·07	20·38	27·51
Gold . . . (cm.g/t)	600	267	433
Payable:			
Metres . . . . . . (m)	30	21	51
Percentage	18·9	12·5	15·6
Channel width . . (cm)	50	37	45
Value: uranium . . (kg/t)	0·893	0·554	0·776
(cm.kg/t)	44·56	20·50	34·65
gold . . . (g/t)	36·37	26·30	32·89
(cm.g/t)	1,815	973	1,468

Development Summary
for the three months ended 30 June 1976

GOLD SECTION

Reef	Payable metres	Percentage payable	Channel width cm	g/t	cm.g/t
Kimberley Reef . . .	116	31·2	83	23·66	1,975
Totals	116	25·5	83	23·66	1,975

URANIUM SECTION

Reef	Payable metres	Percentage payable	Channel width cm	Uranium kg/t	Uranium cm.kg/t	Gold g/t	Gold cm.g/t
White Reef . . .	30	22·7	50	0·893	44·56	36·37	1,815
Totals	30	18·9	50	0·893	44·56	36·37	1,815

REMARKS

Production (Gold)
The total gold produced was 209 kilograms less than the previous quarter following the resumption of uranium production in the West Plant. The yield was lower at 3·34 grams per ton but this should improve as a higher percentage of ore is obtained from underground sources.

Production (Uranium)
Operations are gradually being re-established on the Bird Reef horizon where re-opening and re-equipping of working places has hampered full production.

Working Profit
The profit of R465,000 for the quarter was due to the higher level of uranium sales in terms of fixed commitments which occur at irregular intervals during the year.

Working Costs
The increase in working costs is attributed to the extension of workings into the Bird Reef Area and the cost of re-opening old working places.

Capital Expenditure
The main item of expenditure was for refurbishing of acid plants. There are commitments for capital expenditure totalling R69,397; the estimated total capital expenditure for the remainder of the current financial year is R647,000.

On behalf of the board,
A. W. S. SCHUMANN
W. B. COETZER *Directors*

SOUTH ROODEPOORT MAIN REEF AREAS LIMITED

Issued Capital—1,420,663 shares of 56 cents each.

Operating results	Quarter ended 30 June 1976	Quarter ended 31 March 1976	12 months to 30 June 1976
Ore milled . . . . . (t)	93,700	100,200	361,900
Gold produced . . . (kg)	507·021	544·426	1,905·219
Yield . . . . . . (g/t)	5·41	5·43	5·26
Revenue per ton milled (R)	18·72	18·99	18·80
Cost per ton milled . . (R)	21·66	19·56	21·55
Loss per ton milled . (R)	2·94	0·57	2·75
Financial (R'000)			
Working revenue	1,754	1,903	6,802
Working costs	2,030	1,960	7,798
Working loss	276	57	996
State aid	288	177	1,189
Net additional expenditure	Cr.3	Cr.19	Cr.44
Profit/(loss) before taxation	7	101	149
Taxation	—	—	Cr.22
Profit/(loss) after taxation	7	101	171
Capital Expenditure . . .	54	37	309
Dividends: declared . .	—	—	—
per share (cents)	—	—	—
Development			
Advanced . . . . . (m)	1,586	1,187	5,355
Sampling results:			
Sampled . . . . (m)	471	266	1,650
Channel width . . . (cm)	86	109	82
Average value (cm.g/t)	533	910	561
Payable:			
Metres . . . . . . (m)	176	143	588
Percentage	37·3	53·7	35·6
Channel width . . (cm)	73	112	93
Value . . . . . . (g/t)	12·60	11·94	10·61
. . . . . . (cm.g/t)	714	1,332	991

Development Summary
for the three months ended 30 June 1976

Reef	Payable metres	Percentage payable	Channel width cm	g/t	cm.g/t
Ventersdorp Contact Reef . . .	135	51·1	63	12·84	810
Kimberley Reef . . .	41	19·6	106	11·93	1,262
Totals	176	37·3	73	12·60	714

ORE RESERVES at 30th June 1976

	Ventersdorp Contact Reef	Kimberley Reef	Total Mine
Lease Area:			
Tons	150,300	8,900	159,200
Stope width—cm	110	201	113
Value: g/t	12·46	10·00	12·32
cm g/t	1,367	2,008	1,387
Prospecting Area:			
Tons	—	22,800	22,800
Stope width—cm	—	118	118
Value: g/t	—	10·66	10·66
cm.g/t	—	1,259	1,259
Total Mine:			
Tons	150,300	31,700	182,000
Stope width—cm	110	134	113
Value: g/t	12·46	10·48	12·11
cm.g/t	1,367	1,399	1,371

Pay limit related to a gold price of R3,634/Kg ($130/oz.)

A total of 38,100 tons at a value of 12.15g/t classified as unavailable is included in the mine total.

REMARKS

Production and Profit
The mill throughput was adversely affected to the extent of 6,500 tons during the quarter due to the excessive time required on the maintenance of main arteries in the mine. This mine is extremely sensitive to fluctuations in gold price and the recent decline to the present level has adversely effected the current cash flow position of the company. The lower price and slight fall in production resulted in a decrease of R94,000 in profit to R7,000 for the quarter before capital expenditure totalling R54,000.

Ore Reserves
Further evidence of the impact of a lower gold price is the decline in fully developed ore reserves which have fallen from 300,000 tons to 182,000 tons as at 30 June 1976, when related to the new pay limit.
There are commitments for capital expenditure totalling R24,000.

On behalf of the board,
A. W. S. SCHUMANN
W. B. COETZER *Directors*

NOTE

(a) Development values quoted above represent actual results of sampling (no allowance having been made for any adjustments which may be or were necessary) when estimating ore reserves at the end of the respective financial years.

(b) All financial figures are subject to audit.

Secretaries:
General Mining and Finance Corporation Limited

London Office
Friars House
39/41 New Broad Street
London EC2M 1NJ
13 July 1976.

INTERNATIONAL COMPANY NEWS + EURO MARKETS

Honda to introduce Accord in Europe

BY CHARLES SMITH, FAR EAST EDITOR TOKYO, July 12

HONDA MOTOR Company, which moved into third place among Japanese car exporters to Britain in the first-half of 1976, is planning to consolidate *its hold on the British and European car markets* with the introduction of a new car, the 1.6 litre Accord, around the end of this year.

The Accord has been on sale in Japan and the U.S. for the past two months and demand for it is evidently outrunning Honda's initial estimates (current sales are about 11,000 units a month, but demand is 15 per cent. greater according to Honda). Honda says it will start with sales of about 2,000 units a month in four EEC countries late in 1976. The Accord will be displayed at the Paris and London Motor Shows assuming the car passes its homologation tests which are now being taken. The first shipments will be made in November and the cars will be on sale in Britain by the middle of January.

Kiyoshi Kawashima, president.

The significance of the Accord *is that it is only the second* standard sized car in the production range of a company which is still strongest in motor *cycles manufacture*. Honda's success in Europe and the U.S. (where it recently passed Volkswagen as an exporter) is based on sales of the Civic, a 1500 cc car using the low pollution CVCC engine which Honda developed. The Accord also uses the CVCC *engine*. The car suggests a European designer, but according to Honda is entirely the product of its own design department without the benefit of French or Italian advice.

European cars which come nearest to the performance and capacity of the accord include the Renault 14, and Alfa-Romeo Alfa's Sud. The Honda is probably superior to most European equivalents in emission *standards* but this will be a superfluous point in Europe where emission regulations are still relatively slack compared with Japan and the U.S.

Honda accounted for 11.5 per cent. of Japanese car registrations in the U.K. during the first half of 1976 running third after Datsun (with 55.4 per cent. of the total) and Toyota (about 18 per cent.). Honda does not hope to overtake Datsun but makes *no secret of the fact that it would* like to overhaul Toyota's sales in the U.K.

Chemical considers broking move

BY STEWART FLEMING NEW YORK, July 12.

CHEMICAL BANK, the sixth largest U.S. commercial bank, is close to a decision on whether to offer a share purchase scheme to its customers through its retail branches in direct competition to Wall Street stockbrokers.

In a brief statement, Chemical Bank confirmed that it is considering a "test programme to enable selected chequing account customers to buy and sell common stocks." The statement added that "a decision has not been made as to whether the test programme will be conducted."

A Chemical spokesman added that under the programme being considered, Chemical would simply act in an agency capacity and "*would not act as a broker.*" He declined to go into any further details about what would influence the bank's decision whether or not to proceed.

The announcement could well bring to a new peak the debate over bank diversifications, which a recent report by Mr. Ralph Nader's consumerist organisation has suggested have not been profitably or efficiently conducted in many cases.

A spokesman *for* brokers Pershing and Co., who have been linked to Chemical Bank's plans, Mr. Reginald Oliver, confirmed that the brokerage house has been in discussions with Chemical about executing the bank's retail customer share transactions.

He said that the bank was thinking of offering the service at selected branches. He conceded that the growing evidence of banks moving into stockbroking related activities was "worrying."

But Mr. Oliver added that Pershing, which is a specialist wholesale broker, has decided to co-operate with Chemical on the grounds that "if we don't do it somebody else will."

He added that from the bank's point of view it was an extension of its services. "I don't think they can expect to make money out of it but it helps them get hold of their customers' money, deposits and credit," he said.

The commercial banking community's expansion into both retail stockbroking related business and into other forms of investment business which in the past has been the preserve of the investment banks is an increasingly controversial issue.

The New York Stock Exchange has taken some of the issues to the federal courts in a case in which it is seeking a ruling that commercial banks automatic investment plans breach the Glass-Steagall Act. The Act specifically forbids commercial bankers from engaging in corporate *underwriting* and investment bankers or brokers from engaging in commercial banking.

The service which the NYSE disputes provides for customers of a number of banks to invest a regular amount monthly which the bank invests in stocks on his behalf.

Commercial banks' diversification into individual portfolio management and dividend reinvestment schemes, as well as their involvement in private placings and arranging corporate customers' long term financing (traditionally an investment bankers' preserve) has been another area of controversy.

It seems certain, too, that lobbying in Washington by interested parties including in particular the Mutual Fund (unit trust) industries the Securities Industry Association and stockbroker representatives will now intensify in an effort to try and get a clearer definition of the Glass Steagal Act.

Profits increase at J. P. Morgan

BY OUR OWN CORRESPONDENT NEW YORK, July 12.

J. P. MORGAN, the holding company for Morgan Guaranty Trust, fifth largest of the U.S. commercial banks, has reported an increase in net profits before securities transactions in the second quarter of 1976 to $45m. ($42.3m.).

***For the first half of the year,* the company's net earnings are $90.2m. after securities transactions, compared with $88.4m. in 1975.**

Net earnings per share for the first half of 1976 are $2.27, against $2.29.

The company reports that provision for possible loan losses in this year's first half was $39.9m., down from $56.1m. *Net charge-offs of* loans against the reserve amounted to $31.8m. in the first half of 1976 against $22.5m. a year earlier.

Dr. Herbert Cu[lmann]

Lufthan[sa] may rai[se] dividen[d]

COLOGNE,

LUFTHANSA may raise its dividend ... earnings on regal... should be consider... than last year, pro... lives up to expecta... man Herbert Culm... annual meeting.

In 1975 the airl... unchanged DM2 d... ordinary shares and preference after a p... special deprecia... DM69m. (67m.).

Dr. Culmann r... statement of last... Lufthansa will ma... profit this year.

In 1975 its loss... services was DM... loss). Its alread... group turnover ... DM3.65bn.

Reuter

Hoesch acqui[res]

HOESCH, the Ger... Estel, the Dutch-G... complex, has acqui... cent interest in W... the Stuttgart-based *products* and pla... company which e... 800 people, Mich... writes from Amst...

Estel said after ... ment of the deal to-day that it co... details of the tran... the privately-ow... company's sales development. It ... statement that th... the company, wh... are concentrated ... of Germany, ... those of Hoesch ...

Alusuisse dea[l]

SWISS Aluminium ... has acquired full ... the West German ... a-year aluminiu... Leichtmetall-Gese... (LMG), built ... Alusuisse and ... dealers and conv... gesellschaft (MG ... writes from Gene...

MG decided to ... 30 per cent. pa... the LMG smelte... recent losses ... recession and ... exchange rate ... Besides the SE... MG management ... nised that ... inadequate ... integration, the ... be drawn into ... additional inves... were to attempt ... smelter successf...

Canadian loa[n]

ROYAL TRUST ... raising Can$15m. ... bond market. ... issue, for which ... is lead manage... indicated coupon ... cent., writes Ma...

Turnover up by 40% at Ruhrgas

BY ADRIAN DICKS BONN, July 12.

RUHRGAS, West Germany's largest natural gas supplier, has *reported* a 40 per cent. increase in turnover during the first six months of this year, compared to the very low level of sales achieved last year during the recession.

In spite of this recovery in demand, however, the chairman of Ruhrgas, Herr Herbert Schelberger, indicated that there would be no general increase in prices before the spring of next year. At that time, gas prices would have to be reviewed in the light of developments in other fuels, especially heating oils.

To judge by recent statements from a number of heating oil producers and retailers, further price increases are in fact imminent, in line with those for petrol and other oil products.

Herr Schelberger, however, expressed confidence that natural gas would remain a competitive and advantageous fuel in West Germany and dismissed predictions that present sources of supply would be exhausted within 30-40 years. Known deposits were enough to last the world well into the next century he said.

Meanwhile, Ruhrgas intends to press on with a major programme of investment that should go far towards *doubling* natural gas consumption in West Germany by the next decade. The group will be spending DM1.2bn. (£260m.) on its own account between now and 1980, plus a further DM1bn. in conjunction with Gaz de France to ship gas to Europe from Iran through the Soviet pipeline system. A joint company, Megal, was set up last month by the German and French utilities to carry out this deal.

The Iran deal, covering a total of 11bn. cubic metres of gas over a 22 year period from 1981, will be West Germany's largest new source of supply: it will receive about 50 per cent. of the total.

Meanwhile last year Ruhrgas sold a total of some 53.1bn. cubic feet of gas, 1.9 per cent. more than in 1974. The company reports that a continuing decline *in demand by large industrial* users was more than offset by an increase on the part of consumers.

Ruhrgas is paying an unchanged dividend of DM8 per DM50 share this year, plus a DM1 per share bonus in recognition of its 50th anniversary this year.

Australian hopes on oil finds

By James Forth

SYDNEY, July 12.

AUSTRALIA'S Department of National Resources has come out in support of higher prices for domestic oil discoveries. The first Assistant Secretary of the Department, Mr. C. F. Gartland, told and Industries Assistance Commission inquiry into crude oil pricing of the need for higher prices. But he said that there *were severe* limitations in the existing price mechanism and warned of the detrimental effect of Government levies, taxes and royalties.

Australia's largest domestic oil supply—the Gippsland offshore fields developed by Broken Hill Proprietary and Esso—receives $A2.33 a barrel and pays a levy of $A2 a barrel to the Government. The total price of $A4.33 is still about $A8.00 below world prices.

Mr. Gartland said that Australia was not likely to hold large, low cost reserves and any uncertainty as to Government intentions was a disincentive towards future exploration or development. The return from existing production was of critical importance in determining future cash flows and explorations. Moreover, companies faced with the problem of whether or where, to explore would be influenced by the general state of Government relations with the industry and their assessment of the Government's likely future attitudes.

The IAC inquiry was initiated recently by the Deputy Prime Minister and Minister for National Resources, Mr. Douglas Anthony, who has publicly stated he favours an increase in domestic oil prices. The subject is politically sensitive *because of the likely impact* higher oil prices would have on petrol prices.

Mr. Gartland said any increase in the price of oil, or lessening of the tax burden, would tend to increase the potential for an economic return on any future discovery and increase the volume of oil that could be recovered

Federated Stores moves south

BY STEWART FLEMING NEW YORK, July 12

FEDERATED Department Stores, one of the largest U.S. retail *groups which includes in its* outlets the Bloomingdales store which the Queen visited in New York, is planning the $160m. acquisition of the Rich's stores.

Rich's is one of the most widely-known department store chains in the South, with its main branch in Atlanta, Georgia, and 21 other outlets in the region. It has a reputation for being a credit-orientated business, with about one-half of its chain store trade done on credit terms.

In its latest fiscal year, to January 31, 1976, Rich's reported sales of $342 and net income of $12m.

Federated Stores, with sales of over $1bn. and net income of $157m., is one of the country's dominating store groups.

The acquisition of Rich's will add to its geographic diversification, already a feature of its operations, with 130 general department stores around the country and supermarkets in Los Angeles and San Francisco.

Federated's profitability has been among the highest in the department store sector and in part reflects the policy of autonomous operation of divisions, combined with well-co-ordinated merchandising policies. Its Bloomingdales store in New York, for example, sells mainly to higher income brackets and has a reputation for rapid adjustment to changing fashions.

Terms of the proposed merger, which has been agreed in principle, are that Rich's shareholders would receive 0.85 shares of Federated for each Rich's share. Federated shares closed up 1¼ at $46 on the New York Stock Exchange on Friday.

Sodra expansion programme

BY WILLIAM DULLFORCE STOCKHOLM, July 12.

SODRA, the South Swedish forest owners' association, has just received Government permission to go ahead with a Kr.1.6bn. (£200m.) investment to expand pulp and paper capacity. The Swedish paper industry's single largest investment so far, it will give Sodra a production capacity of about 1m. tonnes a year of chemical pulp. Some 85 per cent. will be exported, making the company the world's leading exporter of bleached sulphate pulp.

The *five-year project entails* an investment of Kr.1bn. to raise capacity at the company's Monsteraas plant from 185,000 to 300,000 tonnes a year of chemical pulp and 60,000 tonnes of mechanical pulp. In addition Kr.600m. will be spent on a new factory to produce 150,000 tonnes a year of coated printing paper, made from wood pulp, mainly for offset and magazine printing. Most of this paper will be *exported to Western Europe.* Sodra has a technical co-operation agreement with the Muenchen-Dachau company of West Germany, a leading European manufacturer of coated paper.

The main obstacle to the project has been the Government's ban on paper plant expansion until the raw material situation has been clarified. However, Sodra has succeeded in covering the 720,000 cubic metres wood needed annually by an agreement with another pulp and paper company, Holmens Bruk, which is dropping its own pulp expansion in favour of newsprint, thereby releasing 500,000 cubic metres of timber for Sodra. A further 100,000 cubic metres will be obtained from the closing down of two of Sodra's older mills and 120,000 cubic metres will be imported.

Sodra, which took over the Klippan paper company earlier this year, expects to improve turnover from last year's Kr.1.9bn. to some Kr.3bn. (£375m.) this year. Earnings declined from Kr.348m. to Kr.187m. (£23.5m.) last year.

International Paper profit

BY STEWART FLEMING NEW YORK, July 12.

INTERNATIONAL Paper, the world's largest papermaker has reported a 77 per cent. increase in second quarter profits which are $83.5m.

For the first six months of the year the company has reported net earnings of $147.1m. compared with $94.1m. in the same period of 1975.

Sales total $1.8bn., compared with $1.5bn.

The chairman and chief executive, Mr. J. Stanford Smith, says the company showed significant gains over the comparable period of last year in all its businesses.

He added that the company's packagin business showed improvement over the earlier part of the year while demand for white papers remained at the strong first quarter level.

Murata seeks Singapore listing

BY OUR OWN CORRESPONDENT SINGAPORE, July 12.

A LEADING Japanese electronics company, Murata Manufacturing, is believed to be planning the listing of its shares on the stock exchange of Singapore by way of an offer of 3m. depositary shares, each representing one ordinary share of Y50 par value in the company.

When listed, Murata will be the first Japanese company to have its shares quoted on the Singapore stock exchange and also the first company to be listed by way of an issue of depositary shares.

There are presently no depositary shares listed on the Singapore exchange and Murata's issue will mark the introduction of a new instrument in Singapore, the deposit receipts of Singapore (DRS).

The Murata DRS, which will act as evidence for the depositary shares will be issued by the Development Bank of Singapore as the authorised depositary.

The company, which has a paid-up capital of about Y1.44bn., is one of the largest Japanese manufacturers of ceramic products for use in the electronics industry.

It is the world's largest producer of ceramic capacitors and ceramic filters in terms of sales and its main product range includes capacitors, electronic circuits and resistors.

Overseas sales of Murata, which also has a manufacturing plant in Singapore, accounted for about 17 per cent. of the company's consolidated net sales of S$184.2m. for the year ended March 1976.

Its shares are currently listed on the Tokyo stock exchange. According to market sources, the offering price has not yet been decided yet but will probably be at a discount from the market price of the shares on the Tokyo stock exchange as at a few days before the offering date.

The offering date is expected to be some time during the third week of this month.

The new issue is expected to be managed by Singapore Nomura Merchant Banking and co-managed by Jardine Fleming, the Development Bank of Singapore and Nomura International (Hong Kong).

Canadian $2m. plant to open in Ebbw Vale

By James McDonald

THE CANADIAN Caristrap Corporation, which specialises in non-metallic strapping, is opening a $1½m. to $2m. (£830,000 to £1.1m.) plant on a 2¼ acre site in Ebbw Vale, South Wales. Initially between 25 and 30 people will be employed.

The plant operated by Caristrap *(U.K.), will be the centre* of Caristrap's operations in the EEC. A plant in Holland is to be closed.

Mr. T. J. Karass, chairman and founder of the private company, said in London yesterday that from one patent for non-metallic strapping granted in 1954, "we now have over 400 in 50 different countries.

Gunmen held by Jamaican police

BY CANUTE JAMES KINGSTON, July 12.

THE JAMAICAN security forces say they have arrested 127 known gunmen among the 161 people detained around the island.

Some 66 of these were held under the state of public emergency which was declared by the Government three weeks ago. The emergency gives the security forces powers to detain and interrogate anyone who is suspected of being a threat to public safety.

The Security Minister Mr. Keble Munn, has said that during the three weeks one of the aims of the emergency—the reduction in the rate of violent crime — had been achieved. There was a 50 per cent. drop in the crime rate, the Minister said, and the police were also solving more crimes.

SELECTED EURODOLLAR BOND PRICES
MID-DAY INDICATIONS

STRAIGHTS	Bid	Offer
Aquitaine 10¼pc 1985	104½	105
Ashland 8pc 1987	96½	97
Austraswiss 8pc 1987	94	94½
BFCE 8¼pc 1983	100	100½
CNE 9¼pc 1985	100½	101½
Conoco 8pc 1986	99½	100
ECS 9¼pc 1986	101½	102
EIB 9¼pc 1985	102½	103½
ERAP 9¼pc 1985	102½	103½
Esso 8pc 1986 Nov.	100½	101½
Eurofima 9¼pc 1983	100	100½
Granges 8¼pc 1985	101½	103½
Massey 9¼pc 1982	104½	105
Michelin 9¼pc 1986	101	101½
MODO 9¼pc 1983	101½	102½
Nwfdlnd. Labrador 9¼pc '86	103	103½
New Zealand 9¼pc 1982	103½	104½
Norpipe 9¼pc 1986	101	101½
Norsk Hydro 9¼pc 1986	102	102½
Oslo 9pc 1988	100½	101½
Pacific Light 8pc 1988	94½	95½
Prov. Quebec 9pc 1984	101½	102
Scanraff 8¼pc 1988	100	100½
SFE 9pc 1983	101½	102½
Shell 8pc 1986	99½	100½
Stand. Oil (Ind.) 8¼pc 1988	103½	104½
Svenska Handels 9¼pc 1986	101½	102½
Volvo 9¼pc 1985	102½	103½
NOTES		
Barclays 9¼pc 1982	102½	103½
British Gas 9pc 1981	101½	102
Charb. France 8¼pc 1981	99½	100
Denmark Mt. Bk. 9pc 1983	100½	101½
ECS 9¼pc 1981	101½	102
EEC 8¼pc 1982	97½	97½
Electricity Council 8¼pc '81	100½	101½
Montreal 9¼pc 1983	102	102½
Nippon Steel 9¼pc 1980	102½	103½
Norway 8¼pc 1981	101	101½
Prov. Quebec 8¼pc 1981	102	102½
Seagram 9pc 1983	102½	103½
Source: White Weld Securities.		
CONVERTIBLES		
American Express 4¼pc '87	78½	80½
Ashland 5pc 1988	82	84
Beatrice Foods 4¼pc 1992	95	97
Beatrice Foods 4¼pc 1992	113½	114½
Borden 5pc 1992	99	101
Broadway Hale 4¼pc 1987	75½	77½
Canon Camera 7¼pc 1989	132	134
Carnation 4pc 1987	79	81
Chevron 5pc 1988	119	121
Dart 4¼pc 1987	77	79
Eastman Kodak 4¼pc 1988	116	118
Economic Labs 4¼pc 1987	74½	76½
Fed. Dept. Stores 4¼pc '85	112	114
Firestone 5pc 1988	89	90
Ford 6pc 1986	96½	96½
Ford 5pc 1988	86½	88½
General Electric 4¼pc 1987	95	97
Gillette 4¼pc 1987	75	76
Gould 5pc 1987	97	99
Gulf and Western 5pc 1988	101	103
Harris 5pc 1992	88	90
Honeywell 6pc 1986	82	84
ITT 4¼pc 1987	72½	74½
Komatsu 7¼pc 1990	104½	106
J. Ray McDermott 4¼pc '87	143	145
Mitsubishi Elec. 7¼pc 1991	104½	106
Mitsui 7¼pc 1990	102½	104
J. P. Morgan 4¼pc 1987	116	118
Nabisco 5¼pc 1988	91	93
Owens Illinois 4¼pc 1987	99	101
J. C. Penney 4¼pc 1987	78	80
Pioneer 6¼pc 1989	280	285
Raymond 8¼pc 1983	93½	95½
Revlon 4¼pc 1987	110½	112½
Reynolds Metals 5pc 1988	87	89

	Bid	Offer
Sperry Rand 4¼pc 1987	102	104
Squibb 4¼pc 1987	77	79
Texaco 4¼pc 1988	74	76
Toshiba 6¼pc 1990	109	110½
Union Carbide 4¼pc 1982	118	120
Warner Lambert 4¼pc 1987	85	87
Warner Lambert 4¼pc 1988	80	82
Xerox 5pc 1988	76	78
Source: Kidder Peabody Securities.		

هكذا صح الأصل

all for asier U.K. od exports

liner Goodman, Consumer rs Correspondent

BRITISH Government continue to press at GATT sewhere for a reduction in strictions on U.K. food and exports, the Economic pment Committee on the and drink manufacturing ry recommended yester- In particular, the Commit- rged the Government to agreement in respect of processed foods and to the quantitative restric- which currently affect exports in a number of markets such as Africa atin America.

report, which was com- before the publication of roposed changes to the Code last month, stresses t is of "fundamental im- ce to the well-being and development of an t food industry" for there an improvement in the vailable to finance invest- The Committee is to the question of efficiency vestment.

yesterday's report it ex- 1 concern about the fact he detailed arrangements e payment of monetary nsatory amounts on s of pigmeat products e in a way which gives nish and Dutch exporters unfair competitive advan- n the U.K. market over manufacturers."

Coffee prices plunge as Brazil frost fears fade

BY RICHARD MOONEY

COFFEE PRICES fell heavily yesterday with the September position on the London terminal market ending at £1,333 a tonne, £194.5 below pre-weekend levels.

The decline mainly reflected the absence of frost in Brazil's coffee growing areas over the week-end. Cold air massed over Argentina had been expected to move north to Brazil and as this would have coincided with a new moon the week-end was considered the zenith of the frost risk. In the event, however, the cold air only caught the corner of Parana before moving out to sea. Some damage was done to newly planted trees but next year's crop, which is regarded as of the first importance, is not likely to be affected.

But the frost risk is far from past with the traditional "frost season" still having some three weeks to run. And it maybe worth remembering that the anniversary of last year's disaster, which in one night trimmed Brazil's crop from an expected 27m. 60-kilo bags to 7-8m., is not until Saturday.

There had been widespread trade forecasts that prices would fall if the frost season was negotiated without serious incident. But the scale of yesterday's decline suggests that many speculators have decided not to risk being caught in the rush which could have come at the beginning of next month. The very sharpness of the fall could, however, accelerate the recovery which had also been widely predicted. Consumer buying has recently been conspicuous by its absence, but yesterday's sudden drop may well tempt some manufacturers into the market.

Once the Brazilian frost season has been really past, the next high risk period comes in October and November when the coffee trees are flowering. At this time the crop is vulnerable to drought and cold winds (not necessarily freezing) which can strip the flowers from the trees and prevent fruiting.

Cocoa prices also fell sharply yesterday with the September futures position losing £39 to £1,192.5 a tonne. Some market sources said the decline was due to an easing of the recent tightness in the availability of nearby physical cocoa and a seasonal lack of factory offtake due to the holiday period. Others blamed it entirely on speculative selling, possibly based on chart considerations.

Both factions were agreed, however, that the announcement of a 7 per cent. rise in U.S. second quarter grindings was a neutral factor. Early predictions had put the expected rise around 10 per cent. but this was trimmed back late last week and the actual figure is felt to be broadly in line with market opinion. The U.S. Chocolate Manufacturers Association said April-June grindings totalled 60,617 short tons, compared with 56,680 in the same period last year.

West German second quarter grindings are likely to show a fall of between five and 10 per cent. on last year's figure. Kakao-Einkaufs-Gesellschaft Mbh said in its weekly market letter. The letter indicated a similar figure for the U.K.

● Purchases of Ghana mid-crop cocoa for the week ended July 8 (the fifth of the season) were estimated by the Ghana Cocoa Marketing Board at 933 tons, reports Reuter from Accra. This brings cumulative purchases to 3,833 tons, compared with 2,666 after five weeks last season.

Tin leads metal price decline

By Our Commodities Staff

AN ALL-ROUND decline in London futures markets yesterday was particularly in evidence on the London Metal Exchange.

After the big gains made last week tin prices fell back sharply with standard cash tin losing £157.5 when it closed at £4,735 a tonne. Despite the expected drop of 375 tonnes to 9,580 tonnes in LME tin stocks, the lack of physical buying and the combination of profit taking and stop loss selling and the influence of the improvement in sterling and falls in commodity markets generally all contributed to the decline in tin.

There was also heavy selling pressure in the copper ring where cash wirebars closed £9.5 down at £927 a tonne.

With an increase of 2,975 tonnes to 81,925 tonnes in zinc stocks and no signs yet of a producer price rise in the U.S. hedge selling and profit taking outbalanced trade buying and cash zinc ended the day £3 down at £435 a tonne. The fall in lead stocks of 550 tonnes to 80,350 was only about half the quantity expected and cash lead closed £6 down at £284.5 a tonne.

LME silver stocks rose by 5,100,000 to 23,740,000 Troy ounces and some sharp falls in prices were experienced during the day.

Protests grow over EEC oil tax plan

BY OUR COMMODITIES STAFF

THE STORM of protest unleashed by the publication of the EEC Commission's plans to curb the Community's growing dairy surpluses continued to grow yesterday.

In particular the suggested tax on vegetable and fish oils aimed at preventing margarine from becoming more competitive with butter led to new protests.

Following the international criticism voiced by the U.S. over the scheme the new complaints were raised by U.K. organisations in letters to Mr. Fred Peart, the Minister of Agriculture which urged him to persuade the EEC to drop the proposed tax.

Mr. Ian Grant, president of the Margarine and Shortening Manufacturers' Association wrote: "We are disturbed by press reports that Mr. Lardinois (EEC Commissioner for Agriculture) is proposing to tax vegetable and marine oils and fats as part of the general effort to rid the Community of surplus stocks of dairy products.

Regrettable

"It is most regrettable that the Community should attempt to solve the problems of the dairy sector by taxing competing products.

"When the consumer subsidy on butter was introduced in 1974, we argued most strongly that it was inequitable that one-half of the yellow fats market—butter—should receive a subsidy when the other half—margarine—was ignored.

"The Government has acknowledged the damage done to the margarine industry by the butter industry. We feel that it would add insult to the injury if the argument of 'fair shares' should now be turned against us when it was deliberately ignored earlier.

"Moreover, margarine manufacturers in this country are still competing with butter subsidies to the tune of some 7p per pound, and the proposal that this should now bear what amounts to a tax as well, really defies any principles of justice.

"To suggest that the proceeds of the vegetable and marine oil tax should be used for food aid to developing countries is entirely spurious and appears to us to be no more than political window-dressing.

"Finally, we feel that the practical effort is unlikely to be significant, other than as a means of raising funds for the U.K. Government by what will amount to tax on the U.K. consumer. The whole idea is wrongly conceived and we hope that you will do your utmost to see that it is not taken up by the Community."

The Edible Oil Products Company said that as an importer, refiner, processor and distributor of vegetable oil it was highly disturbed by the proposed tax on vegetable oils.

"It is surely totally unacceptable for one industry to have to suffer for the inefficiencies of another, additionally so when outside the U.K.; it wrote.

"The tax could only have yet another unnecessary and inflationary effect on food prices and the cost of living and it would reinforce the Common Agricultural Policy practice of taxing produce for human consumption much more severely than the same produce for industrial (non-edible) purposes." it added.

Meanwhile, Mr. Desmond Bird, Director General of the Compound Animal Feedingstuffs Manufacturers' Association, warned in a speech in Taunton last night that in the face of the intense opposition to the proposed tax on vegetable oils, the EEC Commission might be tempted either to prolong its existing protein levy scheme or replace it with some even more unacceptable proposal.

The feedingstuffs trade and livestock producers must insist that levies on vegetable proteins end on October 31. "Even then skimmed milk powder will continue to be used for some months to liquidate deposits already paid," he said.

Halfway

At almost the halfway stage of the EEC's skim powder disposal scheme contracts had been made for the sale of about half the 400,000 tonnes target.

"Bearing in mind all the teething troubles which occurred when the scheme was introduced on April 1 this year, the build-up of protein certificates, and a more liberal attitude by the Commission to the various safeguards built into the scheme, the r[illegible] of take off of skim powder should increase during the second half of its seven months life.

"As a result, the target of 400,000 tonnes to be disposed of by October 31 should be achieved," said Mr. Bird. However, despite all the upheavals the scheme had caused to raw material and compound feed prices Community stocks of skim in intervention seemed certain to be higher at the end of the scheme than they had been at the start.

He also warned that even if the scheme ended to-morrow, animal feed prices would certainly not revert to their March levels. An explosion in raw material prices had added about 15 per cent. to the price of compounds since March. Less than £2 a tonne of this was due to the skim powder levy scheme.

.K. duty-free ywood quota arly used

Correspondent

PLYWOOD importers have ed notice that the Common t general scheme of pre- e (GSP) quota under duty-free quotas are d to certain developing ies for the export of ply- to the U.K., has become al." This is an indication e quota is about to expire eans that when goods are d to Customs for inclusion quota, importers will have posit the amount of duty would be payable if the had expired.

quota granted to Britain 1976 was 192,500 cubic s, an 8 per cent. increase e 178,000 cubic metres of The 1975 quota expired tober of that year so in rrent year the U.K. trade ken up its increased quota quickly, indicating the arity of plywood supplies Far Eastern countries such Malaysia, Singapore, South and the Philippines.

Drought hits U.K. crop yields

BY PETER BULLEN

CROP YIELDS prospects in Britain have been hit by the continued hot, dry weather the Ministry of Agriculture said yesterday in its weekly report.

"Cereals in nearly all areas have ripened quickly, often prematurely, with consequent decline in yield prospects. Harvesting of winter barley is well advanced and spring barley is being cut in eastern and southern England.

"Winter barley yields are variable but should be average overall and many of the first barley crops cut had ripened prematurely on thin soil and early reports of poor yields should not necessarily be taken as typical," it said.

Most fodder crops were suffering from drought: grass growth had virtually ceased over much of the country, and in south and east England and part of the Midlands a short of grazing had developed particularly for cattle. Many farmers were feeding hay or straw, and barley from the new crop was being used.

Although the sugar beet crop was standing up well to the heat, growth had slowed down and by nightfall wilting was usually apparent. Generally, potato plants were standing the dry conditions remarkably well the Ministry claimed; but bulking had been limited and the area where potatoes are being worst hit has extended into Lancashire and as far north as north Yorkshire.

The prolonged drought will cut total 1976-77 grain output in West Europe to only 130.4m. tonnes, some 1.3m. below last year's poor results and nearly 13m. below the 1974-75 figure U.S. crop forecaster, Conrad Leslie, estimated yesterday.

In his forecast of the U.S. wheat crop—published only a matter of hours before the U.S. Department of Agriculture's own estimates were expected—Conrad Leslie put the total crop at 2,044m. bushels (54.75m. long tons) compared with last year's record 2,134m. bushels (57.1m. tons) but still the second largest wheat crop ever, reported Reuter from Chicago.

Chicago grain markets opened to losses in wheat futures on expectations that the USDA would follow Conrad Leslie in forecasting another good U.S. wheat crop this year. Reports of significant rain being reported from northern France and the USDA raising its estimate of USSR grain production by 5m. to 195m. tonnes also affected sentiment.

● From Prague it was reported that the abnormally dry spring and early summer had reduced Czechoslovakia's grain harvest prospects.

In some regions, including the area around Prague, estimates are that the harvest will produce only 50 per cent. of the normal yields and the overall harvest is generally expected to be less than the record 10m. tonnes Czechoslovakia produced in 1974.

Malaysian palm oil imports

KUALA LUMPUR, July 12.

THERE IS no limit imposed on the export of Malaysian palm oil to the U.S., Mr. Lew Sip Hon, parliamentary secretary to the Primary Industries Ministry, told the Lower House.

He added that Mr. Earl Butz, U.S. Secretary of Agriculture, had clarified during his visit here on April 23 that the U.S. had no intention of imposing a limit on U.S. imports of Malaysian palm oil.

● Palm oil survey, Pages 15, 16, 17, 18

Record U.S. maize crop expected

By David Bell

WASHINGTON, July 12.

A RECORD maize crop was forecast to-day by the United States Agriculture Department. It expects production to be 14 per cent. above last year's level.

The department expects the crop to be about 6.5bn. bushels which is comfortably above last years 5.7bn, and no less than 41 per cent. higher than the depressed 1974 crop level.

But it was also warned that several north central states need rain soon to prevent serious stress on the crop.

The Department was also said the wheat crop should be at a near record level of .04bn. bushels which would be the second largest crop in U.S. history and only 4 per cent. below the level of the previous year.

The maize forecast is the first formal estimate. The harvest has a profound effect on the price of meat and other basic foods.

Wool textile industry revival continuing

MELBOURNE, July 12.

THE WOOL textile industry continues to show an upward trend although the rate of improvement may be slowing in some countries, the Australian Wool Corporation (AWC) said in its monthly textile industry review.

The AWC said the U.S. worsted sector remains extremely buoyant and most woollen fabric producers are well booked. The 47 per cent. increase in raw wool consumption in the first quarter 1976 over the same 1975 period indicates the extent of the U.S. upturn, the Corporation added.

The slight drop from the strong upward trend in wool textile activity shown in April figures seemed to reflect anxiety about the recent break in supplies caused by woolhandling strikes in Australia rather than a reversal of the recent upward trend, it said.

In the EEC, reports suggest topmaking capacity has been unable to keep pace with orders and also indicate a satisfactory level of retail ordering for winter 1976-77, the AWC said.

On synthetic fibres, the AWC said the very abrupt restocking movement in the U.S. textile industry in the last quarter 1975, which caused a surge in U.S. synthetic fibre output, has given way to more stable trading conditions. The recovery in the U.S. textile industry is now well established and producer stocks are being built up to meet the higher demand stemming from rising consumer spending.

Recovery in European synthetic fibres is significantly lagging behind the U.S. although generally improving as destocking gives way to stock building. Reuter

COMMODITY MARKET REPORTS AND PRICES

BASE METALS

COPPER—Turned easier on the London Metal Exchange. Prices were steady in pre-market dealings with forward metal at £972 despite the none too good [illegible] of the U.S. market last Friday. [illegible] started to ease owing to profit-taking and the downward movement [illegible] when forward metal went below the £970 level which prompted stop-loss selling and the price touched £951 before ending at £952 on the afternoon Kerb. The lower opening of the U.S. market was also a dampening factor. Turnover: 38,425 tonnes.

[illegible]	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Wirebars Cash	929-30	-5.75	926.5-7.5	-9.5
3 months	965.5	-5.5	952.5-3	-8.5
Settlem't	930	-5.5	—	......
Cathodes Cash	916.5-7	-8	916.7	-8
3 months	951.5-2	-7.5	951.5-2	-7
Settlem't	917	-8	—	......
U.S. Prod.	—	......	*70-74	......

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £930, three months £970, 69, 68, 67, 66, 65.5, 66, 65.5, 65, 66 65.5, 65, cathodes cash £917, three months £955, 52, 51.5, 52. Kerb: Three months £965, 66, 65.5, 66. Afternoon: Wirebars, three months £964, 63.5, 64, 64.5, 64, 63.5, 60, 62, 62.5, 63. Cathodes, cash £917, three months £952. Kerb: Three months £953, 54, 53, 52, 51, 52.

TIN—Fell away sharply. Prices started to lose ground in line with the Penang market over the week-end and as the downward movement continued it brought out stale-bull liquidation and stop-loss selling. Forward Standard metal opened at £4,948 and ended at £4,835 on the afternoon Kerb. The fair-sized fall in warehouse stocks was in line with expectations and had little market impact. Turnover: 1,850.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —†
High Grade	£	£	£	£
Cash	4805-15	-95	4730-40	-157
3 months	4890-2	-76.5	4855-45	-127
Settlem't	4815	-95	—	......
Standard				
Cash	4805-15	-95	4730-40	-157
3 months	4890-2	-76.5	4835-45	-127
Settlem't	4815	-95	—	......
Straits E.	$1505	-5	—	......
New York	—	......	†390.25	-8.75

Morning: Standard, cash £4,810, three months £4,900, 10, 4,900, 4,895, 4,900, 4,895, 93, 95, 90, 93, 92. Kerb: Standard, three months £4,890, 95, 90, 93, 92, 92, 90, 88, 90. Afternoon: Standard, three months £4,870, 65, 60, 55, 50, 51, 52, 50, 45, 45, 40, 35, 40, 42, 40. Kerb: Standard, cash £4,735, three months £4,835, 40, 35, 30.

LEAD—Lost ground. Forward metal traded up to £304 in pre-market dealings but in line with the trend in other metals the price turned easier owing to profit-taking and after a short-lived rally in the afternoon ended at £295 on the Kerb. Turnover: 4,535 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Cash	284.5-5	-5.75	284.8	-6
3 months	297.5	-5.5	295.5	-5.75
Settlem't	285	-6	—	......
N.Y. Spot	—	......	*23-25	......

Morning: cash £288, three months £301, 02, 01.5, 01, 300.5, 300, 299, 98, 97, 98, 97, 97.5. Kerb: three months £298, 98.5. Afternoon: Three months £298.5, 98, 97.5, 97, 96.5. Kerb: Three months £296, 95, 95.25.

ZINC—Declined in line with the overall trend of other base metals although the market was underpinned to some extent by continued hopes of a rise in the U.S. producer quotation. Turnover: 6,325 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Cash	434.5	-1.75	434.5-5.5	-3
3 months	452-3	-1.75	451.5-3	-3.5
S'ment	435	-1.5	—	......
Prim. West	—	......	—	......

Morning: Cash £433, three months £455, 54, 53, 54, 53, 52, 51, 50.5, 52. Kerb: Three months £452, 53. Afternoon: Three months £453, 52, 52.5, 53. Kerb: Three months £452, 51.5.

* Cents per pound. † On previous unofficial close. ‡ $M per picul.

SILVER

Silver was fixed 3.25p an ounce lower for spot delivery in the London bullion market yesterday, at 278.9p. U.S. cent equivalents of the fixing levels were: spot 497.4c, down 5.1c; three-month 504.1c, down 4.7c; six-month 510.7c, down 2.8c; and 12-month 524.7c, down 4.8c. The metal opened at 281.282p (501-503c) and following a lower trend in the U.S. closed at 275.7-278.7p (493-495c).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. close	+ or —
Spot	278.9p	-3.25	276.5p	-6.2
3 months	288.2p	-2.9	286.4p	-5.45
6 months	296.5p	-2.9	......	......
9 months	—	......	297.6p	-5.9
12 months	313p	-2.5	......	......

LME—Turnover 552 (231) lots of 10,000 ozs. Morning: Three months 288.1, 8.0, 87.3, 7.4, 7.2, 7.4, 7.5, 8.0, 8.2, 8.3. Kerb: Three months 289.3. Afternoon: Three months 287.2, 7.0, 6.9, 7.0, 7.1, 7.2, 6.5, 6.3, 6.2, 6.1, 6.0, 6.1, 6.3, 6.5. Kerb: Three months 286.2, 6.1, 60, 5.9, 5.7, 5.5, 5.6, 5.2, 5.3, 5.5, 5.7, 5.8.

FREIGHTS

DRY CARGO—Quiet conditions continued in the North American grain section, but with no falling-off in rate levels and ship owners obtaining some comfort from Soviet purchases of grain and from crop prospects in a number of countries which would appear to indicate a demand for grain shipments later this year. Grain bookings included U.S. North Pacific to Taiwan at $17 f.i.o. for July and from the U.S. Gulf to Japan at $10.75 f.i.o. for August. Other grain cargoes were covered from U.S. North Pacific to the Philippines at $17.10 free discharge for August and from U.S. Gulf or Northern Range to Alexandria or Port Said at $14 free discharge for August. Miscellaneous chartering included scrap from U.S. Atlantic to Karachi at $34.75 f.o.b./liner terms discharge for July. Ore shippers fixed cargoes from Lower Buchanan to Emden or Dunkirk at $4.45 f.i.o. for July/August and from Lower Buchanan to Hamburg at $4.45 f.i.o. for July.

COCOA

Despite a 7 per cent increase in the U.S.A. second quarter grindings, heavy stop-loss selling pushed values through limit down on September to close with losses of up to £40 on the day, reports Gill and Duffus.

COCOA	Yesterday's Close	+ or —	Business Done
No. 6 Contract			
July	1215.0-17.5	-28.25	1240.0-15.0
September	1192.0-93.0	-39.00	1227.5-1192.0
December	1157.0-59.0	-34.0	1169.0-57.0
March	1096.5-98.0	-30.55	1122.0-1095.5
May	1065.5-67.0	-30.50	1090.5-65.0
July	1038.0-40.0	-29.00	1060.0-41.0
September	1007.0-14.0	-28.00	

Sales: 4,404 (3,433) lots of 10 tonnes.

International Cocoa Agreement—Indicator prices, U.S. cents per pound. Daily 91.12 (91.50). 15-day average 88.88 (88.48). 22-day average 88.47 (88.34).

COFFEE

Robusta futures closed easy at or slightly above the day's lows. Trade sources said very strong Commission House selling and stop-loss selling continued to depress the market during the afternoon following the absence of a frost in Brazil over the week-end. But there was a slight rally at the closing call with mixed, though predominantly Trade buying raising prices slightly. Traders thought this was probably based on the feeling that the liquidation had finished for to-day. They also said physical market was very quiet with origin prices too high against the terminal's lower levels for any significant trade to take place.

COFFEE	Yesterday's Close	+ or —	Business Done
	£ per tonne		
July	1315-330	-192.5	1445-340
September	1332-334	-194.5	1500-315
November	1320-330	-188.5	1480-315
January	1315-318	-190.0	1465-315
March	1308-310	-179.5	1450-305
May	1312-315	-178.0	1450-308
July	1310-320	-175.0	1460-350

Sales: 5,493 (3,348) lots of 5 tonnes.

ICO Indicator prices, U.S. cents per pound—Colombian Mild Arabicas 176.00 (174.25). Other Mild Arabicas 148.50 (145.50). Unwashed Arabicas Santos Fours 153.75 (same). Robustas 134.75 (same). Daily average 147.82 (148.46).

ARABICA CONTRACT (in order, buyer, seller, business)—Aug. 150.00-60.00; no business; rest unquoted.

RUBBER

EASIER opening on the London physical market. Little interest throughout day, closing on a dull note. Lewis and Peat reported a Malaysian godown price of 203 cents a kilo (buyer, August).

No. 1 R.S.S.	Yesterday's close	Previous day's close	Business done
August	51.00-51.50	51.00-55.00	51.00
Sept	51.25-52.00	51.45-55.25	51.75
Oct-Dec	54.90-55.75	55.35-58.15	—
Jan-Mar	57.25-57.55	58.10-58.15	58.15-57.20
Apr-Jne	59.50-59.25	60.10-60.15	60.15-58.25
Jly-Sept	60.00-60.05	60.85-61.05	60.20-59.75
Oct-Dec	60.80-60.90	61.50-61.70	61.50-60.50
Jan-Mar	60.80-61.10	61.10-62.00	61.75-61.00
Apr-Jne	59.50-60.00	60.90-61.25	60.40-60.25

Sales: 202 (106) at 15 tonnes.

Physical closing prices (buyers) were: Spot 49p (49.5); Aug. 48p (48.75); Sept. 48p (49.5).

GRAINS

THE BALTIC—Business in imported grains was very slow to develop with buyers showing little interest at around previous offering levels.

Wheat—U.S. Dark Northern Spring No. 2 14 per cent. August £104.75, Sept. £105.00 direct Tilbury Sept. £110.55, Oct. £111.95, Nov. £113.45, Dec. £115.35 transhipment East Coast ports. U.S. Hard Winter No. 2, ord. July £94.75, August £96.45, Sept. £98.45, Oct. £100.05, transhipment East Coast ports. EEC Feed July £78.25 East Coast.

Maize—No. 3 Yellow American/French option July £76.80 long ton, August £77.25 tonnes transhipment East Coast.

Barley—EEC Feed/Canadian No. 2 Option July £72 West Coast long ton.

Regional and U.K. average prices July 8. Soft milling wheat—S. East 78.85; Eastern 78.65; E. Midlands 78.25; W. East 78.10; U.K. 78.40. Feed barley—S. East 69.00; S. West 69.40; Eastern 68.30; E. Midlands 68.90; W. Midlands 68.75; N. East 70.50; N. West 69.75; U.K. 69.65.

MARK LANE—Business was generally light, but price trends remained steady. Sept. deliveries of denaturable wheat made £74.50 per tonne for Sept. and £75 for Oct., while Jan.-March made £82.50 all delivered into East Anglia. Average sellers' quotations for delivery London area: wheat milling Oct.-Dec. £80.50, denaturable Oct.-Dec. £78, barley feed unquoted.

LONDON GRAIN FUTURES MARKET (GAFTA)—Wheat, barely steady. Closing: Sept. 73.90, Nov. 77.15, Jan. 80.25, March 82.20, May 85.90. Business: 74.20-73.90, 77.30-77.20, 80.70-80.10, 83.35-83.20, 86.00. Sales: 304. Barley, barely steady. Closing: Sept. 72.95, Nov. 75.35, Jan. 79.80, March 82.35, May 84.85. Business: 73.10-73.10, 76.95-75.50, 80.15-79.00, 82.75-82.40, 85.10. Sales: 199.

HGCA—Location ex-farm spot prices: Feed barley—East Suffolk 208.65.

EEC IMPORT LEVIES—Effective for July 13, August, Sept. and Oct. premiums, unreceived. Common wheat—37.84 (36.21, nil, nil, nil). Durum wheat—76.12 (76.12, nil, nil, nil). Rye—44.10 (44.10, nil, nil, nil). Barley—25.43 (25.45, nil, nil, nil). Oats—16.86 (16.86, nil, nil, nil). Maize (other than hybrid for seeding)—26.69 (27.26, nil, nil, 1.89). Buckwheat—5.49, (5.49, nil, nil, nil). Millet—33.86 (33.88, nil, nil, nil). Grain sorghum—36.70 (37.91, nil, nil, nil). Levies also effective for flours. Wheat or mixed wheat and rye flour—65.26 (62.04). Rye flour—73.90 (73.90).

SOYABEAN MEAL

Market opened slightly higher on weekend follow-through from Chicago moving to limit down. On the re-open market moved sharply easier on low physical trade with buyers holding back as weakness spread through all soft commodities, reports SNW Commodities.

	Yesterd'ys Close	+ or —	Business Done
	£ per tonne		
August	138.5-39.5	-6.5	144.00-42.50
October	142.0-42.5	-10.30	150.60-40.50
December	151.2-51.4	-9.95	162.20-50.50
February	150.6-55.0	-11.90	152.10-51.00
April	152.5-55.0	-11.50	155.00-52.40
June	153.4-55.7	-9.40	155.50
August	154.0-54.7	-11.15	154.40-54.00

Sales: 301 (154) lots of 100 tonnes.

SUGAR

Heavy selling on the opening brought about an unexpected easier tone. However, after losses of 100 points had been recorded, the selling was easily absorbed. Values improved towards mid-day, but a lack of fresh buying curtailed the move. During the afternoon, the market lost ground continually as a result of weakness of other soft commodity markets, combined with reports of rainfall in Europe, finally closing at or around the day's lows, reports C. Czarnikow.

LONDON DAILY PRICE (raw sugar) £190 (£192) a ton c.i.f. for July-Aug. shipment. White sugar daily price was fixed at £213 (same).

Sugar Pref Comm Con.	Yesterday's Close	Previous Day's Close	Business Done
	£ per ton		
Aug.	187.60-87.50	195.50-94.50	195.50-87.00
Oct.	196.00-96.25	201.60-01.70	204.50-195.3
Dec.	202.50-03.00	207.60-07.70	211.00-02.75
March	202.75-03.00	207.50-07.75	210.75-02.75
May	202.50-02.75	207.00-07.10	210.25-02.25
Aug.	200.00-01.50	204.75-05.50	205.10
Oct.	200.00-01.00	204.25-04.50	200.00

Sales: 5,265 (4,133) lots of 50 tonnes.

Tate and Lyle ex-refinery price for granulated basis white sugar was £227.60 (same) a ton for home trade and £250 (£252) a long ton for export.

EEC IMPORT LEVIES—White and raw denatured and non-denatured sugar in units of account per 100 kilos (previous in brackets). White 8.31 (7.71). Raw 6.13 (5.95).

WOOL FUTURES

(Pence per kilo)

Australian Greasy Wool	Yesterd'ys close	+ or —	Business Done
July	208.5-20.0	+1.25	—
October	220.5-25.0	+0.25	—
December	230.0-34.0	-0.55	230.0
March	239.0-40.0	-2.95	244.0-38.0
May	245.0-50.0	-1.50	—
July	250.0-58.0	+2.0	—

Sales: 29 (37) lots of 1,500 kilos.

SYDNEY GREASY (in order buyer, seller, business, sales): July 280.0-280.5, 280.3-279.2; Oct. 286.5-287.0, 287.0-286.3; Dec. 295.3-296.0, 296.0-293.5; March 304.3-304.9, 303.0-305.0. Sales: 77.

MEAT/VEGETABLES

SMITHFIELD (pence per pound)—Beef: Scottish killed sides 39.0 to 42.0; English hindquarters 58.0 to 58.5, forequarters 28.0 to 30.0; Ulster hindquarters 52.0 to 54.0, forequarters 30.0 to 28.0; Eire hindquarters 54.0 to 58.0, forequarters 28.0 to 29.0.

Veal: English fats 44.0 to 48.0; Scottish bobbies 18.0 to 22.0; Dutch hinds and ends 60.0 to 64.0, *Dutch hinds and ends 68.0.

Lamb: English small 38.0 to 44.0, *English small 45.0, medium 39.0 to 42.0, heavy 39.0 to 40.0. Imported frozen: New Zealand PL 39.0 to 39.5, PM 36.5 to 37.0, PB 33.5 to 33.5.

Ewes: 18.0 to 22.0.

Pork: English, under 100 lbs. 26.0 to 33.0, 100-120 lbs. 28.0 to 31.0, 120-160 lbs. 28.0 to 32.0, 160-180 lbs. 28.0 to 32.0, 180 lbs and over 24.3 to 28.0.

* Very high quality produce in limited supply.

MEAT COMMISSION—Average fatstock prices on July 10. GB—Cattle £27.02 per live c.w.t. (−0.33); UK Sheep 44.4p per lb.e.d.c.w. (−0.41); GB Pigs £3.68 per sc.l.w. (−0.22). England and Wales—Cattle numbers down 2.6 per cent. average price £26.55 (−0.19); Sheep up 37.4 per cent. average 44.4p (−0.6); Pigs down 12.0 per cent. Average £3.66 (−0.22). Scotland—Cattle down 32.3 per cent. average £27.70 (−0.60); Sheep down 48.6 per cent. average price 41.5p (−0.3); Pigs down 5.5 per cent. average price £4.31 (−0.24).

MEAT COMMISSION—Average fatstock prices on July 12. GB—Cattle £26.99 per live cwt (+0.07); GB—Sheep 42.9p per pound e.d.c.w. (−1.8); GB—Pigs £3.62 per sc.l.w. (+0.19). England and Wales—Cattle numbers up 29.3 per cent., average £26.94 (+0.06); Sheep up 71.9 per cent., average 42.9p (−2.1); Pigs down 3.1 per cent., average £3.50 (+0.20). Scotland—Cattle up 12.1 per cent., average £27.38 (+0.13); Sheep up 62.7 per cent., average 42.2p (+3.7); Pigs down 31.6 per cent., average £4.50 (+0.39).

COVENT GARDEN (prices in sterling)—Imported produce: Oranges—S. African: Navels/Proteas/Tomangoes 56/150 3.65-5.55; Jaffa: Valencia Lates 2.80-4.00; Spanish: 2.50-2.70; Californian: Valencia Lates 3.80. Lemons—Italian: 6.50; South African: 6.50-7.00; Californian: 6.50-6.80. Melons—Israeli: Yellow 8/14 4.20-4.50, Ogens 6/12 4.00-4.20; Spanish: Charente 4.00, Yellow 3.50-3.60. Water melons—Greek 6 3.00-3.40; Spanish: 2.80-3.20. Apples—Italian: per pound Golden Delicious 0.10; French: Golden Delicious per 20 lb 72/84 1.80-2.00; New Zealand: Sturmer Pippin 4.20-4.50, Granny Smith 5.30-5.50; South African: per 40 lb Granny Smith 5.20, Golden Delicious 4.10-4.20; Western Australian: Granny Smith 5.80-6.40; Tasmanian: Sturmer 4.20-4.50, Granny Smith 4.00-4.50, Democrats 5.60, Crofton 6.00; Chilean: Granny Smith 5.20.

English produce: Gooseberries—per pound 0.13, Levellers 0.16-0.22; Cherries per pound Black 0.23-0.28, White 0.15, Naps 0.26-0.30. Potatoes—per bag 2.30-2.60. Tomatoes—per box 12 lb 2.00-2.20. Cucumbers—16/16 2.10-2.40. Mushrooms—per pound 0.40-0.50. Celery—per 12/18 2.00-2.50. Broad beans—per pound 0.08. Runners 0.10-0.15. Lettuces—per 12 1.50, cos 2.40. Carrots—per bunch 0.09, bags 2.20-2.50. Peas—per net 40 lb 1.80, 20 lb 0.50-1.00. Beetroots—per net 1.00. Onions—per 10 kg. nets 1.80, 25 kg. 4.80-5.00. Marrows—per box 15/25 1.00. Blackcurrants—per ½ lb 0.14-0.15. Red currants—per ½ lb 0.12-0.13.

JUTE

DUNDEE—Quiet. Prices c. and f. U.K. for Aug.-Oct. shipment BWB £224, BWC £210, BWC £201. Tossa: BTB £225, BTC £211, BTD £203. Calcutta goods steady. Quotations c. and f. U.K. for July shipment 10 oz 40 inch £8.82, 7½ oz £6.04 per 100 yards. Aug. £8.04 and £6.06. Sept. £8.04 and £6.06. "B" Twills £22.85, £23.05, and £23.19 for the respective shipment periods. Yarn and cloth prices very firm.

LONDON—Steady. Bangladesh White "C" grade June/July $380. "D" grade June/July £362 a long ton.

CALCUTTA—Quiet. Indian spot Rs.450. Dundee Daisee spot Rs.420 values a bale of 400 lbs.

★

GRIMSBY FISH—Supply good, demand good. (Prices at ships side, unprocessed, per stone): Shelf cod £2.60-£3.20; Codlings £2.00-£2.40; shelf haddock large £2.70-£2.80, medium £2.30-£2.80, small £1.70-£2.20; large plaice £3.70, medium £3.30, best small £2.50-£3.20; skinned dogfish (medium) £5.00, (large) £6.00; lemon soles £4.50-£6.00; rock fish £1.10-£1.60; reds £1.30-£1.35; saithe £0.90-£1.25.

PRICE CHANGES

Prices per ton unless otherwise stated

	July 12 1976	+ or —	Month ago
Metals			
Aluminium (w)	£526.6	+70.6	£456
Free Market (cif)	$920-945	......	£485-510
Copper			
Cash Wire Bars (u)	£927	-9.5	£889.5
3 months do. do. (u)	£962.75	-8.5	£921.25
Cash Cathode (u)	£916.5	-8.0	£878
3 months do. do. (u)	£951.75	-7.0	£909
Gold ... Troy oz.	$122	-0.5	$125.375
Lead Cash (u)	£284.5	-6.0	£277.75
3 months (u)	£296.25	-6.75	£288.625
Nickel (u)	£2,802	......	£2,774
Free Market (cif) (lb)	$2.05-2.16	......	$2.02-.16
Platinum (t) troy oz.	£94.5-100	......	£97-105
Free Market	£99.15	-1.15	£94.75
Quicksilver (76lb) (z)	$85-88	......	$80.85
Silver Troy oz.	278.9p	-3.25	278.4p
3 months	288.2p	-2.9	287p
Tin Cash (u)	£4735	-157.5	£4,416
3 months (u)	£4840	-127.5	£4,561.5
Wolfram 22.04lb. cif	$62-65.5	......	$62-65.5
Zinc Cash (u)	£435	-3.0	£430
3 months (u)	£452.75	-3.5	£448.5
Producers (u)	$795	......	$795
Oils			
Coconut Malayan		......	
Groundnut			
§	£461	......	£399
Linseed Crude (z)	£417	......	£417
Palm Malayan (u)	$482.25	-2.75	$400
Soyabean (u)		......	
Seeds			
Copra Philipp (u)		......	$280
Gr'nuts Nigerian		......	
Linseed Can No. 1	£206	......	
Grains			
Barley EEC	£72	-1.45	£71.5
Home Futures	£72.95	+0.95	£72.6
Maize			
French No.6 Am.	£76.8	+0.3	£74.4
S.A. Yellow		......	
Wheat			
No. 1 Red Spring		......	
No.2 Hard Winter	£94.75	-0.75	£96.5
Australian (f.a.q.)		......	
English Milling	£80.5	+0.5	£79.5
Cocoa Shipment (u)	£1510	-55.0	£1,557
Futures Sept.	£1192.5	-39.0	£1,194.5
Coffee shipment (c)			
Futures Sept (u)	£1333	-194.5	£1,585
Cotton 'A' Index cent	82.65*	+0.55	82.45*
Jute LJABWC (d)	$380	......	$380
Rubber kilo	49p	-0.5	56p
Sisal EA 3L (z)	$600	......	$600
Sugar (Raw)	£190	-2.0	£175
Wooltops 64s....kilo	267p	......	264p
Cloves (Madagascar)	£3,550	......	£3,400
Pepper White...ton	£1,120	-10.0	£1,125
Black...ton	£935	-10.0	£946

* Nominal. † Seller. ‡ Unquoted. § Unofficial close. ♣ Indicative price. a Seller's quotation. b U.K. and Commonwealth refined. c Uganda Robusta standard grade indicative prices f.o.b. Mombasa U.S. cents a pound. d Bangladesh white "C." h Jan.-March. r Sept. u Metric tons.

FINANCIAL TIMES

July 12	July 9	Month ago	Year ago
255.83	244.25	256.05	168.39

(Base: July 1, 1952=100)

REUTER'S

July 12	July 9	Month ago	Year ago
1577.9	1578.4	1526.3	1129.1

(Base: September 18, 1931=100)

DOW JONES

Dow Jones	July 12	July 9	Month ago	Year ago
Spot	371.20	376.16	350.14	296.29
Futures	354.65	358.00	352.05	278.50

(Average 1924-25-26=100)

MOODY'S

Moody's	July 12	July 9	Month ago	Year ago
Spie Commodity	894.2	895.2	867.0	770.5

(December 31, 1931=100)

COTTON, Liverpool—Spot and shipment sales amounted to 43 tonnes. Fair trading continued in Middle Eastern and similar varieties in constant request. Modest operations concluded in South American varieties mainly for forward delivery, reports F.W. Tattersalls.

U.S. Markets

Beverages and grains weaken

NEW YORK, July 12.

PRECIOUS metals and copper closed lower on steady speculative liquidation and local selling. Cocoa slid sharply on Commission House selling following a disappointing U.S. grind, while the failure of a frost to materialise in Brazil sent coffee futures limit down. Finally, grain futures and soyabeans experienced heavy losses as speculative stop-loss selling and commercial hedging prompted the declines, Bache reports.

Cocoa—Ghana spot 106 nom (110). Bahia spot 99 (109). July 91.85 (96.85), Sept. 91.00 (95.00), Dec. 86.65, March 82.75, May 80.05, July 77.50, Sept. 74.90, Dec. 71.05. Sales: 2,514.

Coffee—"C" Contract: July 131.00 bid (140.00), Sept. 135.15 asked (141.13), Dec. 136.15 asked, March 132.00 asked, May 131.60 asked, July 130.85 asked. Sales: 81.

Copper—July 73.00 (75.90), Aug. 73.30 (76.30), Sept. 75.90, Dec. 77.70, Jan. 78.20, March 79.20, May 79.90, July 80.60. Sales: 6,200.

Cotton—Oct. 90.95 asked (91.05), Dec. 85.65 asked (87.65), March 83.95 asked, May 81.25 asked, July 77.25 asked, Oct. 69.90, Dec. 65.10-65.20. Sales: 3,850.

Gold—July 121.70 (122.20), Aug. 122.30 (122.50), Sept. 123.00, Oct. 123.40, Dec. 124.70, Feb. 126.20, April 127.60, June 129.10, Aug. 130.60, Oct. 132.10. Sales: 349.

Greasewool—Spot 180.0 nom. (same). July 17.25-18.00 (17.25), Oct. 17.90-18.60 (17.90), Dec. 18.00-18.40, March 18.30-18.50, May unquoted.

Lard—Chicago loose 24.00 nom. (22.50 nom.). NY prime steam 24.50 nom. (24.00).

Maize—July 304-306 (306½), Sept. 295-296 (299), Dec. 291-293, March 294-295, May 299, July 303.

Platinum—July 175.50 (179.50), Oct. 178.60 (182.00), Jan. 181.60, April 185.30, July 187.70, Oct. 191.40-191.60. Sales: 1,435.

Silver—Spot 497.30 (501.50), July 496.50 (504.70), Aug. 498.00 (506.50), Sept. 490.50, Dec. 495.70, Jan. 497.70, March 502.10, May 506.60, July 511.20, Sept. 515.80. Sales: 8,200.

Soyabeans—July 724-728 asked (741), Aug. 725-725 asked (735), Sept. 730 asked, Nov. 740-740 asked, Jan. 743-745 asked, March 747, May 747, July 745.

Soyabean Meal—July 207.50 (216.50), Aug. 208.70-208.70 asked (219.70), Sept. 209.50-210.00, Oct. 211.00, Dec. 212.50, Jan. 213.00, March 213.00-213.50, May 215.00, July 215.50-216.00.

Soyabean Oil—July 22.15 (22.73), Aug. 22.20-22.30 (22.72), Sept. 22.55, Oct. 21.45, Dec. 22.70-22.80, Jan. 22.50-22.55, March 22.85, May 22.90-22.95, July 23.00.

Sugar—No. 11: Spot 13.50 (14.10), Sept. 13.65-13.80 (13.61), Oct. 13.15-13.13 (13.17), Jan. [illegible], March [illegible], May [illegible], July [illegible], Sept. [illegible], Oct. [illegible]. Sales: [illegible].

Tin—[illegible]

WINNIPEG, July 12.

Rye—July 102 bid (101 bid), Oct. 101-100 (101), Dec. [illegible], May [illegible].

Oats—July 145 (150 bid), Oct. 140 (139), Dec. [illegible], May [illegible].

Barley—July [illegible] bid, Oct. 200 nom, Dec. 215 asked, March [illegible].

Flaxseed—July [illegible] (749), Oct. [illegible], Nov. [illegible], Dec. [illegible].

Wheat—July [illegible], Oct. [illegible], Dec. [illegible].

Wheat—SCWRS 13.5 per cent. protein St. Lawrence [illegible].

All cents per pound ex-warehouse unless otherwise stated. * Cents per 60-lb bushel ex-warehouse. † Cents per troy ounce—100 ounce lots. ‡ Chicago loose $'s per 100 lbs—Dept. of Ag. prices previous day. Prime steam f.o.b. NY bulk tank cars. ‡ Cents per 56-lb bushel ex-warehouse. § New "B" contract in $'s a short ton for bulk lots of 100 short tons delivered f.o.b. cars Chicago, Toledo, St. Louis and Alton. ¶ Cents per troy ounce for 50-ounce units of 99.9 per cent. purity delivered NY. ** Cents per 60-lb bushel in store. †† Cents per 24-lb bushel. ‡‡ Cents per 48-lb bushel ex-warehouse. §§ Cents per 56-lb bushel ex-warehouse, 1,000-bushel lots.

LEGAL NOTICES

No. 002262 of 1976

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of Fitzvale Coins Limited and in the Matter of the Companies Act, 1948.

NOTICE IS HEREBY GIVEN, that a Petition for the Winding up of the above-named Company by the High Court of Justice was on the 1st day of July 1976, presented to the said Court by DENNIS [illegible]NGTON, Company Director of 1 Royal Court, St. Aubin Road, St. [illegible], Jersey, C.I., and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London, WC2A 2LL on the 26th day of July 1976, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing, in person or by his counsel, for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

BURTON YEATES & HART,
147 Strand,
London WC2R 1JD.
Solicitors for the Petitioner.

NOTE—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to, the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm, the name and address of the firm and must be signed by the person or firm, or his or their solicitor (if any) and must be served, or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 23rd day of July, 1976.

No. 002300 of 1976

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of HAWES FARM BUILDINGS LIMITED and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN, that a Petition for the Winding up of the above-named Company by the High Court of Justice was on the 6th day of July 1976, presented to the said Court by JOSEPH WILFRID WILLIAM HUNTRODS trading as MIDLAND COMMERCIAL SERVICES, 8 College Street, Northampton, NN1 2QP, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London, WC2A 2LL on the 26th day of July 1976, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing, in person or by his counsel, for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

D. J. FREEMAN & COMPANY,
9 Cavendish Square,
London W1M 0DD.
Ref: PB/34178.
Tel.: 01-636 4055.
Solicitors for the Petitioners.

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to, the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm, the name and address of the firm and must be signed by the person or firm, or his or their solicitor (if any) and must be served, or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 23rd day of July 1976.

WALL STREET + OVERSEAS MARKETS + FOREIGN EXCHANGES

Ahead again with a strong undertone

BY OUR WALL STREET CORRESPONDENT

NEW YORK, July 12.

SOME PLEASANT quarterly earnings statements from U.S. corporations provided support for individual issues on the New York Stock Exchange and the optimism generated spilled over to add considerably to Friday's advance.

The market also benefitted psychologically from a better feeling about the outlook for monetary, interest rates and inflation.

The Dow Jones Industrial Index rose 8.10, 1,011.21—the best level since January 23, 1973, when it closed at 1,018.66. The NYSE Common Stock Index added 0.48 to 56.54. Advances led declines 1,03 7to 436. Turnover amounted to 23.75m. shares against 23.50m. last Friday. The Stocks Index rose 2.17 to 315.47 an dthe Transport Index gained 1.18 to 229.53. The Utilities Index advanced 0.51 to 90.04.

International Paper, which came in with higher second quarter profits, climbed $1⅞ to $73½. Owens-Corning Fiberglass added $1¼ to $51 after also reporting improved earnings.

Emery Air Freight moved ahead $1⅞ to $44⅞ after receiving bullish comment on earnings prospects in a published report.

Federated Department Stores gained 75 cents to $47 after announcing agreement in principle on Friday to acquire Rich's Inc. of Atlanta for about $162m. in stock.

Other stocks to move ahead were Great Northern Nekoosa $2¼ higher at $31¼, Digital Equipment up $1¼ to $181, IBM $1⅞ ahead at $279⅞, Teledyne $4¼ up to $75¾, Natomas up $1 to $26⅞, Sears, Roebuck $1⅞ higher at $68, Du Pont $2¼ to $136¼, and Eastman Kodak $1⅞ better at $102⅞.

Prices on the American Stock Exchange pushed higher. The Amex index rose 0.48 to 107.05, while advances led declines, 370 to 264. Turnover amounted to 2.74m. shares against 2.49m. last Friday.

MONDAY'S ACTIVE STOCKS

	Stocks traded	Closing price	Change on day
Westinghouse Elec.	277,900	17	−⅛
Southern Corp.	222,700	15⅛	+⅛
Aetna Life	214,200	30⅜	+⅞
Am. Tel. Tel.	209,900	57⅞	+⅜
Texaco	197,200	27⅞	—
Tandy Corp.	188,790	36⅛	+2¼
Fed. Nat. Motors	185,300	18	+⅛
Am. Airlines	184,300	15	+⅛
Minnesota Mining	171,100	62⅜	+2
Ntnl. Semiconductors	160,000	47⅛	−1

Canada mainly firm

Early Canadian gains were eroded through the session as stocks closed mixed in light trading on the Toronto Stock Exchange closed mixed in light trading on the Toronto Stock Exchange. The Industrial Index ended 0.50 higher at 188.00

Prices advanced initially but started to retreat after the Supreme Court of Canada ruled that the Federal Government's Anti-Inflation Act is constitutional, upholding the wage and price controls introduced last October. Base Metals put on 0.31 to 83.68 but the Western Oils and Golds Index both weakened, the later by 3.99.

In Montreal stocks were mostly higher at the close of light trading on the Montreal Stock Exchange. The Industrial index rose half a point. Banks advanced more than one point on index with Bank of Nova Scotia gaining $1¼ to $39¼.

OTHER MARKETS

PARIS—The market was lower due to concern over the effects of the drought on food prices and the state of France's balance of trade. The weakness of the franc on foreign exchange markets was also a factor. The Paris Bourse index closed at 63.6—a new low for this year.

Most sectors eased, but stores ruled steady. Pechiney fell Fr.1 to Fr.95. Sacilor lost Fr.2.5 to Fr.50.5. L'Oreal fell Fr.6 to Fr.945 and Lafarge declined Fr.3.6 to Fr.204.7. CGE, Carre four, CFP and Redoute also weakened. Thomson-Brandt fell over Fr.8.

BRUSSELS — The market was *again higher in fairly active* trading. Sidro, which has a 5 per cent. stake in the consortium which has found oil in block 16/17 of the North Sea, rose 13 per cent. Sofina, Cobepa, Union Miniere, Hainaut-Sambre, GB-Inno-BM, Tabacofina, St Roch, and Cockerill also rose.

However, Asturienne and Vieille Montagne fell on profit-taking. CBR and Cometra also fell. Petrofina and American Petrofina were firm.

AMSTERDAM — Shares firmed across a broad front in line with the upward trend of Wall Street last week. Dutch Internationals rose with the exception of Hoogovens which was unchanged.

Elsewhere, Transportations, Industrials, and most Insurances firmed. Plantations and Banks were mixed. Elsevier and Slavenburg's Bank rose Fls.5 to Fls.275 and Fls.231 respectively. KLM rose Fls.1.5 as did Van Ommeron. Robeco gained Fls.1.7 and Ned. Mid. Bank advanced Fls.2 to Fls.141.

FRANKFURT—Shares closed slightly lower due to lack of follow-up orders. Siemens, which announced an unchanged dividend gained DM1 while other Electricals as well as Motors were slightly firmer. Engineerings were mixed but Stores eased; especially Karstadt which fell DM6 to DM360 and Neckermann down DM5 to DM95. München Rückversichening sank DM15 to DM425 and Sudzucker lost DM4 at DM260. But Klöckner gained DM4.5 and AEG was over DM2 higher.

ZURICH—The bourse was slightly irregular in moderate trading, with interest centred on Oerlikon-Buehrle which rose in active trading. Demand for its bearer shares mainly came from West Germany, while its Registered shares drew support from a buy recommendation of a major bank.

Advances were also registered by Swissair Bearer, Grand Majasing, Jelmoli and Nestle Bearer, while Ciba-Geigy Bearer fell Frs.20 to Frs1320, Bally Holder lost Frs.20 to Frs.1480 but Landis and Gyr gained Frs.25 to Frs.735 and a similar advance was made by Nestle. Hoffman La Roche raced ahead Frs.250 to Frs.94,000.

OSLO—Banking shares tended steady, while insurances ruled quiet. Industrials were irregular and shipping steady. Kosnos rose Kr.8 while Norsk Hydro eased Kr.5

VIENNA—The market closed slightly higher, with Steyr Daimler very firm.

COPENHAGEN — The market closed generally quiet in active dealing with the bourse index touching a new high for 1976.

MILAN — The market closed mainly weaker on approaching end-account considerations and uncertainty surrounding the formation of the new Italian Government.

However, Mediobanca, Generale Immobiliare and Mondadori resisted the downtrend. GIGA was also a firm spot. But Dalmine and Erba were both weak. Geroli lost L410 and Italcementi fell L720.

JOHANNESBURG — The stock market was extremely quiet on general lack of interest. Gold shares, initially easier in line with the bullion price, were mixed towards the close. F.S. Geduld fell 40 cents, St. Helena lost 50 cents and Western Holdings dropped R1. Financial Minings were mixed in line with producers while collieries were quiet. Platinums were steady and coppers slightly higher. Other metals and minerals were easier, however. De Beers was actively traded.

HONG KONG — The market showed little change from Friday's closing levels in quiet trading. Prices firmed in early trading in line with Wall Street but then eased on lack of interest.

TOKYO—Prices fell across the board and the S.E. index fell 1.80 points to 352.44.

Light Electricals were mixed, and Motors were mostly lower. Shigeido lost Y40 and Matsushita Electric was down Y60 to Y3,200. But Pioneer rose Y40 to Y3,000 and Sony put on Y20.

AUSTRALIA — Stocks closed firm with the Sydney index at a 1976 high of 485.75. The markets advanced on a wide front with minings particularly strong.

Pan Continental rose 60 cents to $A15.10 and Queensland Mines 10 cents to $A2.35. Ocean Resources gained 2 cents to 61 cents.

B.H.P. gained 8 cents, while Bank of NSW firmed 10 cents to $A6.00. Among Sugars, CSR rose 16 cents to $A5.16 and Pioneer 10 cents to $A5.00. But Bundaberg lost 8 cents to $A5.08. Broken Hill South gained 22 cents to $A2.22.

Pound improves

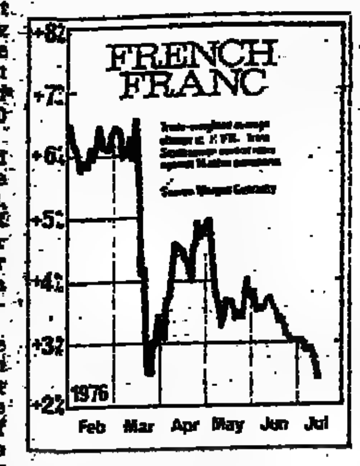
Sterling improved quite sharply in the foreign exchange market yesterday afternoon after losing further ground in early dealings. Intervention by the authorities in the short-term forward market was probably partly responsible for the rise, but there was no indication of any direct help for the pound by the Bank of England. Sterling opened at $1.7835-1.7845 and after touching $1.7780-1.7790 before lunch, rose steadily in the afternoon to a best level of $1.7885-1.7905 and closed at $1.7880-1.7890, a gain of 80 points on the day.

The pound's trade-weighted average depreciation since the Washington Currency Agreement, as calculated by the Bank of England, narrowed to 38.5 per cent. from 38.9 per cent., after standing at 38.7 per cent. at noon and 38.8 per cent. in early dealings.

Fears about the effect of the current drought on the French economy may have played a part in the further weakening of the French franc. The danger of increased inflation in France also depressed the unit, which was reported to have received support from the Bank of France. It closed at Fr.Frs.4.7782½ in terms of the dollar, compared with Fr.Frs.4.7675 on Friday, and touched a worst level of Fr.Frs.4.7810.

The franc's trade-weighted appreciation since the Washington Agreement, as calculated by Morgan Guaranty, narrowed to 2.34 per cent. from 2.58 per cent., while the dollar's depreciation on the same basis was little changed at 2.06 per cent., against 2.05 per cent. on Friday.

Gold fell $4 to $121½-122½ on nervous selling ahead of the gold auction to be held by the International Monetary Fund on Wednesday. It may be felt in the market that this second auction will not attract as many bids as the first, and that the average price is likely to be below the $128 set in early June.



SPECIAL DRAWING RIGHTS RATES

One SDR is equal to	July 12	July 9
Sterling	0.642308	0.642805
U.S. dollar	1.14530	1.14583
Belgian franc	45.5228	42.5112
Deutschemark	2.95281	2.95376
French franc	5.47253	5.45802
Italian lira	961.880	961.383
Japanese yen	339.696	339.787
Dutch guilder	3.12438	3.12460
Swedish krona	—	5.11577
Swiss franc	2.83757	2.83551

Values are for currencies against the SDR as calculated by the International Monetary Fund in Washington.

EXCHANGE CROSS-RATES

July 12	Frankfurt	New York	Paris	Brussels	London	Amsterdam	Zurich
Frankf't		2.678-680	53.92-98	8.48-44	4.691-694	[illegible]	[illegible]
N. York	38.73-76		20.92-94	2.513-516	1.7880-7890	[illegible]	[illegible]
Paris	185.22-62	4.773-783		12.00-08	8.51-55	175.10-60	[illegible]
Brussels	15.40-44	39.73-78	8.31-33		73.75-88	16.55-59	16.03-07
London	4.81¾-82¾	1.7880-90	8.54¾-55¾	71.46-35		4.87¾-88¾	4.433-443
Ams'rd'm	105.81-86	2.726-729	57.08-13	6.362-367	4.880-895		110.15-18
Zurich	96.38-17	2.481-483	51.88-93	6.235-242	4.433-482	90.88-94	

U.S. $ in Montreal. U.S. $=98.24-26 Canadian cents. Canadian $ in New York. C$=103.22-30 U.S. cents. U.S. $ in Milan 839.30-839.60 Sterling in Milan 1,497.00-1,498.00.

EURO-CURRENCY INTEREST RATES*

Euro-French deposit rate: two-day 12-14 per cent.; seven-day 13-14 per cent.; one-month 13-13½ per cent.; three-month 12-13 per cent.; six-month 12-12½ per cent.; one-year 10-10½ per cent.

Longer-term Eurodollar deposits: two years 8¼-8⅝ per cent.; three years 8¼-8⅝ per cent.; four years 8¼-8⅝ per cent.; five years 8⅝-9⅛ per cent.

The following nominal rates were quoted for London dollar certificates on deposit: one-month 5⁹⁄₁₆-5¹¹⁄₁₆ per cent.; three-month 5⅝-5¾ per cent.; six-month 6¼-6⅜ per cent.; one year 6¹¹⁄₁₆-6¹³⁄₁₆ per cent.

* Rates are nominal closing rates.

† Short-term rates are call for sterling, U.S. dollars and Canadian dollars, two days' notice for guilders and Swiss francs.

Six-month forward U.S. dollar ... and 12-month 10.35-10...

Indices

NEW YORK —DOW JONES

	July 12	July 9	July 8	July 7	July 6	July 2	1976 High	1976 Low	Since compilation High	Since compilation Low
Industrials	1011.21	1003.11	991.66	991.16	991.61	999.84	1,011.21 (12/7)	858.71 (2/1)	1051.70 (11/1/73)	41.22 (8/7/32)
Home B'nds*	85.64	85.58	85.44	86.35	85.27	85.80	88.64 (12/7)	—	—	—
Transport	229.53	228.35	225.66	224.14	225.28	224.26	229.53 (12/7)	175.69 (2/1)	279.88 (7/2/69)	13.23 (8/7/32)
Utilities	90.04	89.55	89.18	89.24	88.57	88.54	91.90 (4/2)	84.9 (25/6)	165.52 (20/4/69)	10.58 (28/4/42)
Trading vol 000's	23,750	23,500	21,710	16,470	16,150	16,730	—	—	—	—

* Basis of index changed from July 1.

	July 9	July 2	June 11	Year ago (approx)
Ind. div. yield %	3.70	3.00	3.88	4.44

STANDARD AND POORS

	July 12	July 9	July 8	July 7	July 6	July 2	1976 High	1976 Low	Since compilat'n High	Since compilat'n Low
*Industrials	119.01	117.88	116.85	117.10	117.65	117.80	119.01 (12/7)	101.64 (2/1)	134.54 (11/1/73)	3.52 (30/6/32)
Composite	105.90	104.98	103.88	104.25	104.67	104.55	105.90 (12/7)	90.90 (2/1)	120.24 (11/1/73)	4.40 (1/6/32)

	July 8	July 1	June 9	Year ago (approx.)
Ind. div. yield %	3.36	3.34	3.55	3.89
Ind. P/E Ratio	12.85	12.62	12.22	11.62
Long Gov't. Bond yield	5.87	6.88	6.72	5.77

N.Y. S.E. ALL COMMON

July 12	July 9	July 8	July 7	1976 High	1976 Low
56.54	56.06	55.55	55.48	56.54 (12/7/76)	47.08 (2/1/76)

Rises and Falls — July 12: Issues Traded—1,894; Up—1037; Down—436; Same—421; New Highs 160; New Lows 6

MONTREAL

	July 12	July 9	July 8	July 7	1976 High	1976 Low
Industrial	187.99	187.48	186.32	186.55	207.66	176.84
Combined	191.00	190.51	189.78	185.17	199.78	174.87

OVERSEAS SHARE INFORMATION

Investment premium based on $2.60 per £1—112% (112½%).

NEW YORK

Stock	July 12	July 9
Abbot Labs.	47⅞	47¼
Addressograph	10½	10⅝
Corning Glass	76	75⅞
CPC Int'nation'l	48½	47⅞
Crane	68½	68¼
Crocker Nat.	25⅝	26⅛
Crown Zellerbach	40⅞	39¼
Johns Manville	30¼	30¼
Johnson Johnson	86¾	[illegible]
Johnson Control	22⅛	[illegible]
Joy Manufactur'g	49	[illegible]
Kaiser Alumin'm	46½	[illegible]

GERMANY

July 12	Price Dm.	+ or −	Div. %	Yld. %
A.E.G.	88.1	+2.1	—	—
Allianz Versich.	428		18	2.1
B.M.W.	237.5	+1	18	3.7
BASF	158.3	−0.5	14	4.4
Bayer	150.5		17	6.1
Bayer Hypo.	278	+1	20	5.6
Bayer Vereinsbk.	274	−1	20	3.1
Commerzbank	181.8	−0.7	18	5.0

MILAN

July 12	Price Lire	+ or −	Div. Lire	Yld. %
Assicur. Priv.	699	−27	—	—
ANIC	780	−25	—	
Ausonia Fin.	3,645	+58	120	5.5
Bastogi	1,030	−20	70	6.7
Breda	2,260	14	165	6.6
Burgo	9,400	55	200	2.1
Centrale	6,750	50	200	[illegible]
CIGA	2,240	+40		
Cemitri	4,700	−1	225	4.7
Dalmine	642	−12	75	1.2
Erba	2,100	−50		
Fiat	1,676	−20	100	5.9
Do. Priv.	1,009	−15.5	100	1.0
Finsider	260.5	−9.25	40	15.4
Generali	44,890	−410	400	11.1
Invest II.	2,095		80	3.8
Italcementi	20,280	−720	300	1.5
Italgas	600	−5	—	—

AUSTRALIA

July 12	Aust. $	+ or −
Acrow Australia	†0.71	
Adelaide Brighton Cement	†1.20	−0.02
Allied Mang-Twig Indus.	†1.85	−0.04
Ampol Exploration	†1.08	+0.05
Ampol Petroleum	†0.66	
Assoc. Minerals	†5.50	+0.2
Assoc. Pulp Paper $1	†0.96	+0.13
Aust. Cons. Industries	†1.65	+0.02
Aust. Foundation Invest.	†0.92	
A.N.I.	†1.12	
Aust. Oil & Gas	†0.12	
Blue Metal Ind.	†1.05	−0.02
Bougainville Copper	†1.87	+0.02
Broken Hill Proprietary	†8.86	+0.08
BH. South	†2.22	+0.21
Carlton United Brewery	†2.02	+0.01
G. J. Coles	†1.46	
CSR	†5.16	+0.16

JOHANNESBURG

MINES

July 12

Anglo American Corpn.
Charter Consolidated
East Driefontein
Elsburg
Harmony
Kinross
Kloof
Rustenburg Platinum
St. Helena
South Vaal
Gold Fields SA
Union Corporation
De Beers Deferred
Blyvooruitzicht
East Rand Pty.
Free State Geduld
President Brand
President Steyn
Stilfontein
Welkom

BRUSSELS/LUXEMBOURG

PARIS

AMSTERDAM

SWITZERLAND

TOKYO

CANADA

COPENHAGEN

VIENNA

SPAIN

STOCKHOLM

OSLO

GOLD MARKET

FOREIGN EXCHANGE

OTHER MARKETS

FORWARD RATES

NOTES: Overseas prices shown below exclude S premium. Belgian dividends are after withholding tax.

Entertainment Guide

OPERA & BALLET

THEATRES

CINEMAS

ART GALLERIES

The Japanese have troubles too, **Peter Street** of the Anglo-Japanese Economic Institute finds.

Low cost textile imports hit Japan

RECENT DECISIONS by man-made fibre makers to continue production cutbacks, and by textile industry associations to form a council to promote efforts aimed at modernising business practices, highlight anew the twin problems of Japan's recession-hit textile firms: how to consolidate tentative signs of improvement into tangible recovery and, at the same time, how to reorganise a once strong but now declining industry burdened by over-capacity and threatened by competition from the low-cost textile industries of South-East Asia.

The decision to continue cutting polyester, nylon and acrylic fibre output by 15-20 per cent. over the coming three months is evidence in itself that real recovery from what has been by far the longest and deepest recession in the textile industry's post-war history is proving sadly elusive, for all three key synthetics had been showing indications of a gradual upturn.

Indeed, many within the industry had believed that, for polyester at least, a full recovery was under way, while an increase in nylon and acrylic sales noted by the top man-made fibre producers since the autumn had added to the prevailing optimism. However, when operating rates were raised in the belief that better times lay ahead—and for polyester and nylon they were upped to 90 per cent. or more of capacity during the final three months of 1975—the improvement in demand proved insufficient to absorb the increased supply. It produced an inevitable fall in market prices and left makers no alternative but to reduce production levels yet again from the beginning of the year.

And now the cutbacks are to continue, with synthetic fibre-makers citing weak prices, dim export prospects and rising raw material costs as primary factors behind the move.

Losses

The increased burden of fixed costs resulting from production curtailment, coupled with rising personnel and raw material costs, sluggish demand and low finished product prices, has taken a heavy toll of corporate profitability. Indeed, many companies throughout the textile industry have been, and still are, operating at a loss, though the disposal of real estate and securities has worked wonders for many a balance-sheet.

Six of the top seven man-made-fibre concerns ended the 1975 financial year with deficits in their pre-tax profit/loss accounts, ranging from Asahi Chemical's Y2.3bn. (about £4.4m.) to Unitika's massive Y22.3bn. Only the leading polyester producer Teijin managed to chalk up pre-tax profits for the whole of the year (and even then they were down 75.6 per cent. from the previous 12 months at Y2.9bn.), though four of the seven—Toray Industries, Teijin, Asahi and Kuraray—reported surpluses for the second half of the year, helped no doubt by the recovery in nylon and acrylic fibre sales.

Reduced production of synthetic fibres — and complete closure of some markedly unprofitable rayon staple divisions —has left all the major companies with larger labour forces than they need. The transfer of workers to profitable non-fibre-producing divisions (Toray, for example, is building up facilities to produce carbon fibres, besides expanding production of synthetic leather and a newly-developed nylon-based artificial turf) has helped alleviate the problem, but many of the big synthetic textile producers are nonetheless planning wholesale cuts in their labour forces over the coming years.

Asahi Chemical, which trimmed its workforce by about 1,000, or 5 per cent., during the six months October to March, is aiming for a further 2,000-man cut over the next two years, while Toray, for all its non-fibre expansion plans, is hoping for a 5,000 reduction over the coming three years.

Natural fibre producers have similarly been scaling down operations, even closing spinning mills, in a bid to cope with the recession. The opening months of last year, moreover, saw them resorting to "anti-recession cartels" to slash overall industry output of cotton and wool yarn by 37.8 and 40 per cent. respectively after voluntary company cutbacks and spindle-scrapping programmes had failed to reduce inventory levels and restore market quotations to profitable levels.

The end of the year brought further collaboration in the natural fibre field when the three biggest spinners—erstwhile rivals Toyobo, Kanebo and *Unitika—agreed to co-operate* in all areas of cotton and wool production and marketing in a determined bid to promote equipment reductions.

Reorganise

Toyobo president Ichiji Ohtani ushered in the pact with a warning that "the textile recession is too serious for individual companies to overcome . . . the whole industry will go under unless the three of us make a united effort to ride out the storm," a view backed up by the expressed hope of all three presidents that the agreement would not only help their own companies shake off the slump, but also promote much-needed reorganisation of the industry as a whole.

But while Japan's textile industry has been busy grappling with over-capacity problems, its competitors in neighbouring South-East Asian countries have been building up facilities (particularly for synthetics), basing their emergent textile industries on the self-same advantages of low-cost and abundant labour that were once, ironically, the hallmarks of the Japanese industry.

And they are posing a considerable threat. Rising imports from South-East Asia, notably from South Korea, Hong Kong and Taiwan, were instrumental in turning Japan's traditional surplus in foreign textile trade into a first-ever deficit in 1973, *when total imports, boosted by* a rush of cotton fabrics, almost doubled from the previous year. Imports claimed 16.2 per cent. of Japan's domestic textile market that year, and although the past two years have seen imports fall from the peak levels of 1973 (a decline which incidentally has helped to put the textile trade balance back in surplus), imports seem sure to rise again *once the domestic market picks* up.

The Ministry of International Trade and Industry has forecast that foreign-made products could take a fifth of the Japanese textile market in 1980 and a quarter in 1985.

The projection cannot have gone down too well with the beleaguered home industry, many sectors of which have *filed a succession of pleas for* import controls over the past couple of years. Up to now, their requests have for the most part gone unheeded, although silk producers have been granted a measure of relief through controls on Chinese and South Korean imports, at a cost, it should be noted, of a deterioration in Japan's trading relations with South Korea.

Reform

Import controls, MITI officials believe, are plainly not the answer to the industry's long-term problems. What is needed, they say, is more structural reform (for, apart from synthetics, the Japanese textile industry is still primarily composed of small and medium-sized producers), together with improvements in distribution channels and business methods.

Overriding all other problems, however, is that of over-capacity in almost all sectors. This time last year the Japan Spinners' Association was talking in terms of a 12 per cent. cut in cotton spinning facilities by 1980, while only last month, the Japan Chemical Fibres Association predicted the emergence of a 32 per cent. surplus in rayon staple facilities by the same year, despite the fact that withdrawal of firms from the field has left barely ten producers in operation, compared with 20 to 30 in the industry's heyday. But, then, for Japan's *textile industry as a whole,* heydays are very much things of the past.

STOCK EXCHANGE REPORT

Markets little altered after slow day's business

Share index 0.3 off at 386.4—Setback in Golds

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
Jun. 28	July 8	July 9	July 20
July 12	July 22	July 23	Aug. 3
July 26	Aug. 5	Aug. 6	Aug. 17

* "New time" dealings may take place from 9.30 a.m. two business days earlier.

The start of the new Account failed to bring any relief from the recent lethargic conditions in stock markets yesterday. Apprehension about the June trade figures, due to be announced to-morrow, prompted a slightly easier trend in the leaders, but most of the earlier losses were recouped by the close: down 0.8 at 3 p.m. at its lowest of the day, the F.T. 30-share index closed only 0.3 down on balance at 386.4. In contrast, ICI were dull throughout at 360p, down 6, being unsettled by persistent small selling of workers' shares and by a newspaper report that compensation payments to certain users of the drug Eraldin could total £1m.

The Wholesale Prices Indices and the provisional figures for industrial production for June appeared to have little impact on sentiment, although British Funds steadied up after the announcements. Long-dated stocks reverted to overnight closing levels after showing fractional losses, while earlier small falls in the shorts were pared. The Government Securities index closed a shade lower (0.5) at 62.64.

Apart from bid situations, there was little of interest in secondary issues. Overall movements were narowly mixed, but rises just had the edge over falls by 8-7 in F.T.-quoted Industrials. Official markings of 4,320 compared with 4,580 on Friday and 4,180 a week ago.

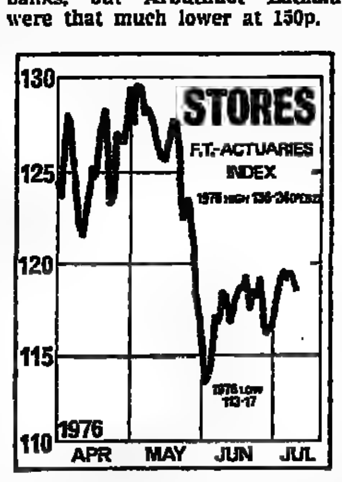
Gold shares weakened on nervousness ahead of to-morrow's IMF bullion sales which was accompanied by a fall of $0.50 to $122 an ounce in the bullion price. Although there was not a great deal of selling, prices were marked down locally and late U.S. selling extended the losses. The Gold Mines index fell 8.7 to 135.8, its lowest since May 30, 1973.

Gilts rally late

British Funds eased initially, reflecting slight apprehension about to-morrow's trade figures for June and the early trend in sterling was also a factor, but when the rate recovered on the June Industrial production figures together with the same month's Wholesale Prices Indices, the losses in Gilt-edged were either erased, as in the case of the medium and longs, or reduced to nominal amounts, as in the shorts. Low-coupon issues were the exception and a few lost ¼ including Treasury 3 per cent. 1979, at 88¾.

A lack-lustre day in the investment currency market ended with the premium a fraction lower at 112 per cent., after 111½ per cent. Yesterday's S.E. conversion factor was 0.6870 (0.6861).

London Scottish Finance Corporation provided the Banking sector with its only notable feature yesterday when the shares rose 4½ to 21½p on the disclosure that FIMS Ltd., a wholly-owned U.K subsidiary of ISC Financial Corporation of Kansas City, America, is to acquire a 20 per cent. stake in the company. Elsewhere, the big four Banks were virtually neglected; after easing a couple of pence at the start, prices picked up late to close unchanged on balance. Overseas issues were irregular, with Hongkong and Shanghai 2 to the good at 322p, but National Bank of Australasia 10 off at 285p. Alexanders were dull in Discounts at 210p xd, down 6½, but Union edged forward 5 to 330p and Gerrard and National were 3 dearer at 135p. Guinness Peat added 3 at 195p in Merchant banks, but Arbuthnot Latham were that much lower at 150p.



Consideration of the sector's overseas earnings potential continued to help several Insurance brokers to edge higher including C. E. Heath which rose 5 to 420p and Leslie and Godwin 4 up at 116p. Alexander Howden, on the other hand, shed 4 to 146p despite comment on a broker's circular. Composites ended narrowly mixed after a quiet day's trade. Sun Alliance were 2 better at 405p, but Guardian Royal Exchange receded that much to 187p.

After last Friday's gain of 4 in response to "new-time" buying ahead of Thursday's preliminary results, Distillers failed to attract fresh support yesterday and eased a penny to 141p. Glenlivet, on the other hand, edged forward 2 to 185p. Breweries were quiet and little changed.

Travis and Arnold featured Buildings, rising 11 to 100p in a thin market. H. Cox and Sons, still reflecting hopes of a counter-bid from Richards and Wallington, hardened 1½ more to 35p xd. Montague L. Meyer responded to a Press mention with a rise of 2 to 69p, while modest gains were also recorded by Bambergers, 38½p xd, and Vectis Stone, 24p xd. On an easier note, R. Costain were called 2 cheaper at 134p ex the scrip issue. Redland, at 90p, gave up half of Friday's rise of 4 which followed Press comment on the results.

ICI continued a dull market, losing 6 more to 360p, being depressed by small sales of workers' shares which were acquired in their recent profit-sharing deal and by thoughts about possible compensation for users of the Eraldin drug. Elsewhere in Chemicals, Allied Colloids improved 8 to 130p ex the "rights" issue, with the new nil-paid shares opening at 57p premium and closing at 60p premium following a reasonable business. Carless Capel were a fraction easier at 20p ex the scrip issue.

Thorn Elect. ease

Another idle trading session ensued in leading Electricals, which continued to show little alteration. Thorn Electrical shed another 2 to 228p awaiting to-morrow's annual results. GEC were a shade softer at 137p and Philips' Lamp lost 13 to 900p, but Plessey managed to harden a penny to 78p. Second-line issues could also only muster narrow mixed movements. Lec Refrigeration were 3 cheaper at 56p, but improvements of 2 were seen in Chloride, 111p, and Dale Electric, 134p. The preliminary statement left Energy Services unmoved at 3½p.

Stores closed with minor movements either way. Burton Group "A" finished a penny better at 43p following Press comment, but Maple Macowards, 9p, and Marks and Spencer, 100p, shed a penny apiece. British Home Stores were also a penny easier at 162p ex the scrip issue. Other casualties included S. and U. Stores, 2 easier at 10p, and I. D. and S. Rivlin, 3 cheaper at 28p. Sumrie contrasted with a rise of a penny to 13½p, while Rosgill, 11p, and Wades Departmental Stores "A," 34p, put on 2 apiece. Shoes were notable for a reaction of a penny to a 1976 "low" of 11½ in Allebone.

Only John Brown, slightly harder at a fresh peak for the year of 104p, made any improvement among the Engineering leaders. Secondary features emerged, however, including Young Austen and Young, up 7 at 95p on revived hopes of a bid, possibly from Trafalgar House; YAY's preliminary results are due on Thursday. Rotork encountered a small demand and rose 5 to 142p, Wolf Electric Tools were similarly higher at 62p and Weyburn moved up 8 to 316p. Trading announcements lifted Wellman 1½ to 32p and Crown House 1 to 26p; the latter also proposes a share consolidation and scrip issue. Brown and Tawse, on the other hand, fell 4½ to 80p xd on the fund raising scheme to place 1m. shares with institutions, while Cornercroft slipped 2 to 33p following slightly lower interim profits. Elsewhere, S. W. Wood came back 3 to 40p, but Sanderson Kayser rose that much to 54p; the price of the latter in recent issues was incorrect. Meggitt hardened ½ to 7p.

Movements of note were few and far between in Foods. A. G. Barr, however, improved 12 to a 1976 peak of 160p on small buying in a restricted market in belated response to last week's interim statement, while speculative interest lifted Manbre and Garton 6 to 142p. Batleys of Yorks. hardened 2 to 52p xd and Cullens Stores moved up 3 to 80p xd. Watson and Philip closed a fraction harder at 83p xd on further consideration of the interim report. The leaders were idle and ended with little alteration on Friday's closing prices.

Adda International responded to the chairman's statement with a rise of 1½ to a 1976 peak of 14p, while Brent Walker revived with a gain of 2 to 51p.

Miscellaneous Industrial leaders were generally little altered after further slow trading. Rank Organisation, however, managed to improve afresh by 4 to 172p awaiting next Monday's interim announcement. Wilkinson Match, with results due to-day, firmed 2 to 142p, but Reed International contrasted with a loss of 5 at 245p. Elsewhere, the lapsing of International Combustion's 85p cash bid for Thermal Syndicate caused the latter to retreat to 78 before partially recovering to 82p for a net loss of 3½. Giltspur declined 3 to 30p in reflection of the profits setback, while the preliminary statement left Christie-Tyler 1½ cheaper at 81p, after 79p. J. Dykes closed 4 down at 30p, after 28½p, upset by the second-half fall in profits, while De La Rue, after last week's rise of 20 on the encouraging annual statement and subsequent favourable investment comment, relinquished 8 to 242p on profit-taking. In brighter mood were John M. Newton, which rose 6 to a 1976 peak of 60p in response to the bid approach. Press comment regarding the R. and G. Cuthbert bid talks left the shares 2½ higher at 33p, after 34½p. Dufay Bitumastic, 39p, recouped 3 of last Friday's fall of 19 which followed news of the abortive bid talks and the profits warning. Wm. Crowther moved ahead 11 to 104p on small buying in a thin market. Airfix Industries were quoted ex the "rights" offer and enfranchisement at 47p, down 2½, with the new nil-paid at 27½p premium.

Motors were generall better where changed. Houchin moved up to 563p, while Commercial Vehicles had ERF a penny better at 29p in front of Thursday's results. In Garages, Frank G. Gates were quoted ex the scrip issue at 27p.

Liverpool Post picked up 2 to 103p, but other Newspaper changes were minimal along with the majority of Paper/Printing movements. Elsewhere, Wilson Bros. hardened ½ to 13½p after the preliminary figures.

Cap. and Counties rise

The recent buying interest in Properties was lacking yesterday and the leaders generally eased a little in thin trading. Land Securities, 167p, and MEPC, 73p, both softened 2, while English Property lost a penny to 49½p. There was also an easier bias elsewhere in the sector, although Capital and Counties Property attracted late support and improved 3 to 18p. Keith and Henderson remained in firm vein, adding another 3 at 90p on further consideration of the company's good defence statement backing up its rejection of the 80p cash bid from Welfare Insurance. Regional Properties "A" hardened a penny to 39½p following Press talk of a possible Arab bid for the company's Arlington House. Haslemere Estates, in front of to-day's preliminary results, reacted 3 to 207p.

Burmah claimed modest attention and rose to 45p before closing a net 1 harder at 44p, but interest elsewhere in Oils was generally slow. Shell improved 2 finally to 432p, while British Petroleum, 595p, and Ultramar, 134p, stayed at Friday's closing levels. Enthusiasm for the more speculative stocks also waned and, although Oil Exploration improved 1 to 84p, Berry Wiggins eased that much to 47p. Among Overseas issues, Ranger gained ½ to £14½ and Weeks Natural Resources recovered 3 to 73p.

Lonrho returned to an easier disposition in otherwise barely changed Overseas Traders, losing 3 to equal the year's low of 75p.

Narrow mixed movements were the order of the day in Trusts and Financials after a minimal turnover. Estates House shed 2 to 204p as did Kakuzi to 58p, while Jardine Securities gave up 3 to 130p. Abercorn General, however, added 2 at 65p.

With the exception of British and Commonwealth, which improved 2 at 203p, Shippings generally gave ground on lack of support. Furness Withy receded 2 to 188p as did James Fisher, 108p, and Milford Docks, 60p.

Lethargic trading conditions prevailed in Textiles where prices closed mixed. A dull market last Friday on the trading loss, Jackson and Steeple picked up 3 to 20p xd, while Montfort hardened 2 to 33p and J. Beales were a penny better at 27p. Radley Fashions, on the other hand, receded 3 at 31p.

Very little interest was shown in Tobaccos, which closed a shade firmer for choice. Helped by Press comment, Bats hardened 2 to 373p. Imps closed a shade firmer at 78p.

South African Industrials moved into reverse. Rex Trueform "A" declined 15 to 215p, while Greatermans "A" retreated 10 to 230p.

Golds at 4-yea[r]

South African G[olds] generally fell to [...] levels this year in [...] the further decline i[n] price which was fin[...] down at $122 per ounc[e] closing price since Ja[...]

The recent nervo[usness] the pending IMF gold [...] tinued unabated, wi[th] trend in both shares [...] in U.S. markets [...] causing jobbers to [...] prices down at the [...] and further U.S. [...] them at at the day's [...] despite modest [...] interest.

The Gold Mines [...] more to 135.8—its [...] since May 30, 1972. [...] ing June quarterli[es] Anglo American, Ge[...] and "Johnnies" grou[p] known during marke[t]

Among the heavyw[eights] ranged to £1¼ in St. [...] with West Driefonte[in] at £16½. In the [...] stocks, East Driefon[tein] 50 to 600p while fal[ls] registered by Doornf[ontein] Kloof (330p) and Li[banon]

Financials mirr[ored] while Coppers an[d] drifted in quiet tr[ading] were neglected.

Australians provi[ded a] spot in response to [...] tial overnight gains [in] Melbourne markets. [...] again reflected the [...] ness of base metal [...]

BH South jumped [...] high of 225p and [...] Hill rose 6 to 196p. [...] tal advanced £1½ to [...] response to favo[urable] comment, Ocean Re[sources] 9 to 65p.

Elsewhere, Canadi[an] Barywin 7 higher a[t ...]

FINANCIAL TIMES STOCK INDI[CES]

	July 12	July 9	July 8
Government Secs.	62.64	62.69	62.75
Fixed Interest	62.40	62.36	62.50
Industrial Ordinary	386.4	386.7	387.3
Gold Mines	135.8	144.5	147.9
Ord. Div. Yield	5.68	5.68	5.66
Earnings Yld. % (full)	16.20	16.19	16.02
P/E Ratio (net) (a)	9.18	9.19	9.26
Dealings marked	4,320	4,580	4,545
Equity turnover £m.	—	44.54	53.38
Equity bargains total	—	11,516	13,652

10 a.m. 386.5. 11 a.m. 385.2. Noon 3[...] 2 p.m. 386.0 3 p.m. 3[...]

Latest index 01-246 8026.

(a) Based on 52 per cent. corporation tax.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ind. Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

	1976 High	1976 Low	Since Compilation High	Since Compilation Low
Govt. Secs.	65.21 (5/1/76)	60.19 (4/1/75)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	64.45 (22/2/76)	59.75 (3/1/76)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	420.8 (4/5/76)	364.7 (2/6/76)	543.6 (13/5/72)	49.4 (26/6/40)
Gold Mines	246.9 (4/1/76)	135.8 (12/7/76)	442.3 (22/5/75)	43.5 (26/10/71)

S.E. ACTI[VITY]

Daily	
Gilt-Edged	15[...]
Industrials	13[...]
Speculative	4[...]
Totals	9[...]
5-day Av'ge.	
Gilt-Edged	17[...]
Industrials	14[...]
Speculative	4[...]
Totals	10[...]

F.T.—ACTUARIES SHARE INDICES

These indices are the joint compilation of The Financial Times, The Institute of Actuaries and The Faculty of Actuaries

	EQUITY GROUPS — GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Mon. July 12, 1976 Index No.	Day's Change %	Est. Earnings Yield % (Max) Corp. Tax 52%	Gross Div. Yield % (ACT at 35%)	Est. P/E Ratio (net) Corp. Tax 52%	Est. P/E Ratio (nil) Corp. Tax 52%	Friday July 9 Index No.	Thurs. July 8 Index No.	Wed. July 7 Index No.	Tues. July 6 Index No.	Year ago (approx.) Index No.	1976 High	1976 Low	Since Compilation High	Since Compilation Low
1	CAPITAL GOODS (179)	144.08	−0.1	16.49	5.51	9.14	9.05	144.26	143.96	144.16	145.13	114.96	160.05 (21/4)	137.16 (2/6)	206.37 (4/5/72)	50.17 (13/12/74)
2	Building Materials (30)	127.85	−0.5	16.65	7.24	9.70	9.69	127.87	127.48	127.42	128.46	97.94	150.16 (15/1)	121.77 (23/6)	253.84 (2/5/72)	44.27 (11/12/74)
3	Contracting, Construction (23)	186.11	−0.5	20.66	5.92	7.64	7.64	187.07	188.16	187.65	186.76	210.22	260.20 (15/1)	184.29 (29/6)	389.35 (19/5/72)	71.48 (2/12/74)
4	Electricals (16)	269.43	−0.2	16.52	4.95	9.15	8.90	269.87	267.87	269.02	271.91	219.00	287.50 (21/4)	245.72 (2/6)	350.04 (4/5/72)	86.71 (25/6/62)
5	Engineering (Heavy) (13)	176.26	—	22.50	6.88	5.93	5.93	176.50	176.45	177.26	179.07	134.73	193.16 (3/5)	161.86 (2/6)	202.57 (6/5/75)	94.43 (1/2/76)
6	Engineering (General) (63)	134.07	+0.1	15.95	5.67	9.30	9.50	133.96	134.00	134.13	134.90	99.04	149.29 (3/5)	125.49 (2/1)	168.59 (4/5/72)	45.14 (6/1/75)
7	Machine and Other Tools (9)	59.31	+0.9	17.76	7.47	8.50	8.49	58.76	58.18	57.55	57.86	41.54	60.62 (3/5)	51.19 (5/1)	156.70 (4/7/69)	19.96 (13/12/74)
8	Miscellaneous (25)	128.63	+0.1	14.70	6.63	10.37	10.06	128.52	128.47	128.69	129.39	104.97	141.94 (11/5)	121.33 (3/1)	177.41 (27/4/72)	49.65 (6/1/75)
9	CONSUMER GOODS (DURABLE) (53)	123.97	—	16.83	5.48	8.86	8.86	123.98	124.49	124.99	125.49	83.52	141.46 (21/4)	116.66 (2/6)	207.78 (21/4/72)	38.59 (6/1/75)
10	Lt. Electronics, Radio TV (15)	136.65	−0.2	14.91	4.12	9.86	9.85	136.12	136.34	137.19	137.61	94.87	160.35 (7/4)	126.75 (3/6)	257.41 (19/5/72)	49.65 (12/12/74)
11	Household Goods (13)	158.67	−0.5	19.58	7.67	7.74	7.72	158.08	158.92	159.00	160.45	129.56	187.22 (7/4)	155.67 (12/7)	263.23 (4/5/72)	63.92 (11/12/74)
12	Motors and Distributors (25)	79.15	+0.4	18.66	6.71	8.11	8.08	78.84	79.07	79.25	79.60	46.74	85.16 (3/5)	70.06 (6/1)	170.59 (15/1/69)	19.91 (6/1/75)
13	CONSUMER GOODS (NON-DURABLE) (168)	147.01	−0.5	14.48	6.25	10.47	10.32	147.82	147.69	148.17	148.97	125.61	162.24 (4/2)	138.98 (2/6)	226.08 (16/6/72)	61.41 (13/12/74)
14	Breweries (15)	164.60	−0.4	13.86	6.85	10.79	10.78	167.24	166.53	169.38	169.26	146.86	179.45 (2/2)	147.96 (2/6)	281.87 (28/11/72)	69.47 (13/12/74)
15	Wines and Spirits (7)	172.45	−0.6	11.05	5.57	15.84	15.84	175.41	168.51	169.33	171.05	166.84	190.67 (5/5)	168.51 (8/7)	257.40 (13/7/72)	78.71 (13/12/74)
16	Entertainment, Catering (14)	175.57	−0.5	13.86	7.66	11.13	11.04	176.94	176.37	178.38	178.89	142.30	211.26 (8/3)	158.17 (2/6)	329.99 (12/12/72)	54.87 (12/7/74)
17	Food Manufacturing (22)	160.57	−0.8	16.56	5.49	9.20	9.13	161.90	162.84	163.65	164.86	136.37	179.44 (11/5)	157.26 (2/6)	211.65 (1/5/72)	59.78 (11/12/74)
18	Food Retailing (16)	135.47	−0.5	13.34	5.67	10.94	10.94	134.52	135.00	136.88	136.71	119.04	150.05 (12/1)	126.86 (2/6)	235.08 (16/6/72)	54.25 (13/12/74)
19	Newspapers, Publishing (16)	177.54	−0.4	11.74	5.90	13.09	13.09	178.32	179.10	177.75	172.66	150.55	184.34 (11/3)	157.01 (3/6)	250.29 (18/1/72)	55.08 (6/1/75)
20	Packaging and Paper (12)	100.52	−0.2	16.25	7.52	9.46	9.46	100.77	101.07	100.57	100.99	86.57	112.50 (26/2)	94.92 (2/6)	155.69 (25/4/72)	43.46 (6/1/75)
21	Stores (34)	118.45	−0.7	12.79	5.83	12.04	12.02	119.25	119.53	119.24	119.58	99.97	136.24 (2/2)	115.17 (2/6)	204.39 (18/8/72)	52.63 (6/1/75)
22	Textiles (23)	149.66	−0.7	10.36	7.67	13.77	11.31	150.66	150.26	150.02	151.25	130.50	163.19 (30/1)	141.90 (2/6)	253.72 (17/9/68)	62.66 (11/12/74)
23	Tobaccos (3)	226.24	−0.2	19.27	5.27	7.91	7.91	226.62	224.93	225.23	226.85	190.38	241.69 (3/5)	211.56 (5/3)	339.16 (2/8/72)	94.34 (13/6/62)
24	Toys and Games (6)	77.95	−1.1	17.88	7.66	7.79	7.79	78.80	78.82	78.16	77.90	41.58	78.82 (8/7)	59.13 (22/1)	135.72 (16/1/70)	20.92 (6/1/75)
	OTHER GROUPS (96)															
25	Chemicals (26)	215.27	−0.9	11.74	5.24	11.93	11.93	217.27	216.85	217.02	218.45	164.18	231.38 (3/5)	199.46 (6/1)	231.38 (3/5/76)	71.20 (13/12/74)
26	Office Equipment (9)	94.42	+2.1	12.30	5.49	11.80	11.80	92.46	92.80	95.21	94.59	85.97	100.18 (19/5)	85.09 (2/1)	246.06 (1/9/72)	45.34 (2/1/75)
27	Shipping (12)	374.42	−0.5	13.30	6.98	10.91	9.92	376.57	375.46	376.72	378.06	341.65	432.64 (30/1)	365.52 (19/3)	517.00 (5/12/72)	90.80 (29/6/62)
28	Miscellaneous (49)	154.21	−1.0	14.65	7.21	10.24	10.25	155.75	154.84	156.22	156.99	150.77	172.98 (21/4)	146.45 (2/6)	258.83 (2/5/72)	60.39 (6/1/75)
29	INDUSTRIAL GROUP (496)	151.74	−0.5	14.60	6.12	10.23	10.12	152.43	152.53	152.61	153.60	124.19	166.38 (5/5)	143.66 (2/6)	220.17 (1/5/72)	59.01 (13/12/74)
30	OILS (4)	357.77	+0.5	11.96	4.59	9.66	8.85	356.87	355.03	352.77	355.92	286.34	395.84 (20/5)	331.34 (16/2)	431.66 (29/5/68)	87.23 (29/6/62)
31	500 SHARE INDEX	168.73	−0.5	14.18	5.88	10.13	9.91	169.51	168.99	169.17	170.24	137.65	183.00 (3/5)	161.90 (2/6)	227.95 (16/8/72)	63.49 (13/12/74)
32	FINANCIAL GROUP (100)	128.66	−0.1	—	5.79	—	—	128.81	128.31	127.97	127.37	126.95	153.46 (30/1)	118.52 (2/6)	241.41 (1/4/72)	55.88 (13/12/74)
33	Banks (6)	154.28	—	20.07	5.49	7.66	7.66	154.23	154.85	153.98	155.07	141.97	192.16 (29/1)	146.38 (2/6)	288.32 (20/7/72)	62.44 (12/12/47)
34	Discount Houses (10)	161.23	−0.1	—	8.58	—	—	161.34	161.34	161.34	161.66	146.96	186.52 (13/1)	147.90 (3/6)	293.13 (2/7/72)	81.40 (10/12/74)
35	Hire Purchase (5)	91.01	−0.7	—	7.14	—	—	91.65	91.77	90.98	91.77	88.37	132.10 (26/2)	89.16 (24/6)	433.72 (4/5/72)	38.83 (11/12/74)
36	Insurance (Life) (9)	109.76	+2.0	—	6.80	—	—	107.63	107.63	107.34	107.22	109.78	129.46 (30/1)	95.91 (2/6)	194.46 (15/5/72)	44.88 (2/1/75)
37	Insurance (Composite) (7)	98.56	−0.9	—	7.12	—	—	99.46	98.61	98.55	98.17	102.98	119.75 (30/1)	92.03 (10/5)	155.76 (21/4/72)	43.96 (13/12/74)
38	Insurance Brokers (9)	245.85	−0.6	10.04	4.50	14.72	14.72	247.32	246.84	246.93	246.46	197.52	276.90 (11/5)	218.26 (5/1)	276.90 (11/5/76)	65.86 (16/12/74)
39	Merchant Banks (16)	75.66	+0.4	—	7.59	—	—	75.36	75.12	73.75	75.09	61.61	93.85 (27/1)	69.72 (2/6)	278.57 (1/5/72)	31.21 (7/1/75)
40	Property (32)	171.87	−0.5	3.32	3.11	56.78	57.65	172.36	169.85	169.30	165.48	170.14	194.57 (30/1)	144.37 (2/6)	357.40 (3/11/73)	56.01 (20/4/65)
41	Miscellaneous (6)	69.11	+0.1	18.55	8.93	8.54	8.54	69.05	68.44	68.91	69.12	69.86	91.98 (5/2)	68.44 (8/7)	303.13 (12/6/72)	33.29 (17/12/74)
42	Investment Trusts (50)	152.11	−0.2	3.52	4.94	29.56	29.56	152.45	152.76	152.68	153.42	154.91	184.55 (30/1)	141.96 (2/6)	245.79 (25/4/72)	71.65 (13/12/74)
43	ALL-SHARE INDEX (650)	156.26	−0.5	—	5.82	—	—	156.73	156.41	156.46	159.15	185.91	172.64 (30/1)	150.59 (2/6)	228.18 (1/5/72)	61.92 (13/12/74)
	COMMODITY GROUPS (Not included in 500 or All-Share indices)															
44	Rubbers (9)	477.19	+0.3	9.50	5.85	15.37	14.08	475.82	474.84	475.07	475.07	421.56	523.40 (7/5)	404.67 (14/1)	555.37 (23/7/73)	84.68 (25/8/66)
45	Teas (8)	141.34	−0.1	29.81	8.58	4.55	4.40	141.49	142.18	142.43	142.43	103.67	142.43 (6/7)	117.89 (7/1)	142.43 (6/7/76)	59.72 (17/10/74)
46	Coppers (3)	242.12	−2.1	40.82	7.10	2.45	2.45	247.36	246.94	247.36	246.94	372.50	301.47 (7/1)	178.98 (5/4)	567.78 (13/7/73)	94.08 (29/4/62)
47	Mining Finance (11)	103.73	−0.8	10.20	4.86	11.04	10.95	104.52	103.94	103.81	104.45	127.80	119.77 (7/1)	86.18 (5/5)	175.90 (28/4/69)	66.31 (30/9/74)
48	Tins (8)	115.31	—	11.17	7.86	13.43	12.75	115.31	115.31	113.76	113.90	94.18	115.31 (9/7)	86.09 (8/2)	125.43 (12/1/73)	54.83 (27/6/71)
49	Overseas Traders (13)	222.39	+0.2	14.91	4.64	8.73	8.71	221.90	217.63	226.16	227.56	213.93	254.47 (3/5)	217.63 (8/7)	254.47 (3/5/76)	97.37 (6/1/75)

	FIXED INTEREST	Monday, July 12 Index No.	Monday, July 12 Yield %	Friday July 9	Thurs. July 8	Wed. July 7	Tuesday July 6	Monday July 5	Friday July 2	Thursd'y July 1	Year ago (approx.)	1976 High	1976 Low	Since Compilation High	Since Compilation Low
1	Consols 2½% yield	—	13.93	13.91	13.91	13.90	13.80	13.79	13.78	13.78	13.93	—	—	—	—
2	20-yr. Govt. Stocks (6)	49.10	‡13.25	49.12	49.18	49.08	49.43	49.57	49.53	49.58	50.04	53.45 (30/1)	47.56 (2/1)	116.42 (11/9/63)	38.27 (3/1/75)
3	20-yr. Red. Deb. & Loans (15)	50.43	‡14.66	50.71	50.71	50.69	50.69	50.68	50.63	50.58	47.31	52.40 (21/5)	46.68 (2/1)	113.43 (23/10/63)	37.01 (3/1/75)
4	Investment Trusts Prefs. (15)	50.15	13.80	50.15	50.06	50.02	50.02	49.55	49.31	49.23	45.47	51.23 (18/2)	45.43 (7/6)	114.41 (13/9/63)	34.45 (4/12/74)
5	Coml. and Indl. Prefs. (20)	68.83	13.66	68.79	68.81	68.81	68.45	68.03	67.92	67.80	64.35	71.97 (2/2)	62.76 (2/1)	114.95 (7/10/63)	47.67 (6/1/75)

Section or Group	Base Date	Base Value
Overseas Traders	31/12/74	100.00
Engineering (Heavy)	31/12/71	153.84
Engineering (General)	31/12/71	153.84
Wines and Spirits	16/1/70	144.76
Toys and Games	16/1/70	135.72
Office Equipment	16/1/70	162.74
Industrial Group	31/12/70	128.20
Miscellaneous Financial	31/12/70	128.06
Food Manufacturing	29/12/67	114.13
Food Retailing	29/12/67	114.13
Insurance Brokers	29/12/67	96.67
Mining Finance	29/12/67	100.00
All Other	10/4/62	100.00

‡ Redemption yield. FT-Actuaries Indices are calculated by Extel Communications Limited (a member of the Exchange Telegraph Group) on an IBM 370 computer.

A list of the constituents of the FT-Actuaries Share Indices is now available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 13p. By post 20p.

A record of the indices, cost £30, is obtainable from FT Business Enterprises 10, Bolt Court, London, EC4. It gives all group and sub-section indices at fortnightly intervals since the start of the series in 1962 with quarterly highs and lows. Dividend and earnings figures are also included.

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1976 high	1976 low
ICI	£1	15	360	−6	402	328
Shell Transport	25p	8	432	+2	462	378
Barclays Bank	£1	7	273	—	350	265
Bats	25p	7	373	+2	410	342
Imperial Group	25p	7	78	+½	88	72½
Marks & Spencer	25p	7	100	−1	108	88
MEPC	25p	7	73	−2	98	59
Midland Bank	£1	7	265	—	320	250
Commercial Union	25p	6	120	—	158	106
De Beers Defd.	R0.05	6	230	−6	335	198
Lonrho	25p	6	75	−3	109	75
P & O Defd.	£1	6	104	−1	119	87
Reed Intl.	£1	6	245	−5	288	245
Thorn Elect. "A"	25p	6	228	−2	288	212
Unilever	25p	6	446	−2	500	428

The above list of active stocks is based on the number of bargains recorded yesterday in the Official list and under Rule 163(1) (e).

Option Report—3-month Call Rates

OPTION DEALING DATES

First Dealings	Last Dealings	Last Declaration	For Settlement
July 20	Aug. 2	Oct. 14	Oct. 26
Aug. 3	Aug. 16	Oct. 28	Nov. 9
Aug. 17	Aug. 31	Nov. 11	Nov. 23

"Calls" were dealt in Lonrho, International Computers, New man Industries, Hestair, Manbre and Garton, Burmah Oil, ICI, English Property, British Car Auction and Premier Oil, while "doubles" were arranged in Trafalgar House warrants, Burmah Oil, Slater Walker, Oil Exploration, English Property and British Car Auction.

Industrials							
A. P. Cement	15	Guardian	18	Spillers	4	Shell	27
Assoc. Leisure	5	G.K.N.	25	Tesco	4	Ultramar	14
Barclays Bank	22	Hawker Sidd.	35	Thorn "A"	22		
Beecham	28	House of Fraser	8	Tube Invest.	27	Mines	
Boots Drug	12	I.C.I.	20	Unilever	38	Anglo-Amer.	50
Bowaters	16	"Imps"	7	Utd. Drapery	8	Charter Cons.	15
B.A.T.	30	I.C.L.	14	Vickers	15	Char'h'll Fin.	4
British Leyland	6	Inveresk	7	Williams Hud'n	4	Cons. Gold.	15
BOC Int.	6½	Legal & General	12	Woolworths	6	De Beers Def.	35
Burton 'A'	6½	Ladbroke	11			F. S. Geduld	350
Cadburys	5	Lloyds Bank	22	Property		Great Boulder	12
Courtaulds	11	"Lofs"	4	Brit. Land	3½	Hampton Areas	12
Debenhams	5	"Mams"	7	Cap. Counties	5	Hampton Prop.	4
Distillers	15	Marks&Spencer	8	B. P.	5	Bloof	100
Dunlop	7½	Midland Bank	22	Int. Europ.	7	Lonrho	9
Eagle Star	11	Nat'l West Bank	20	Land Securities	14	Loraine	55
E.M.I.	17	"Do" Warrants	8½	MEPC	7	Poseidon	55
Gen. Accident	12	P & O Dfd.	11	Peachey	3	Pres. Steyn	200
Gen. Electric	15	Plessey	7	Samuel Props.	4½	Rio T. Zinc	17
Glaxo	35	R.H.M.	6	Town & City	2½	Welkom	55
Grand Met.	7	Rank Org. 'A'	18			West Areas	40
G.U.S. 'A'	16	Reed Int'l	23	Oils		Western M'ng.	18
		Rothmans	4	Brit. Petroleum	40		
		Slater Walker	4	Burmah Oil	4½		

NEW HIGHS AND LOWS FOR 1976

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1976.

NEW HIGHS (22)

CORPORATIONS (1)
LCC 6pc 1975-78

AMERICANS (3)
Reliance
Tenneco Inc.
Do. 10pc Ln. 91-95

ENGINEERING (2)
Brown (J.)
Young Austen Young

FOODS (1)
Barr (A. G.)

HOTELS (1)
Adda Internatl.

INDUSTRIALS (5)
Brit. Indl. Hldgs.
Cuthbert (R. G.)
NCR 4pc '93-98
Newton (J. M.)
'W' Ribbons

INSURANCE (1)
Travelers

OILS (1)
Oil Exploration

TEAS (1)
Assam Dooars

MINES (6)
A.M. & S.
Bougainville
BH South
North Broken Hill
Oakbridge
Whim Creek

NEW LOWS (30)

BUILDINGS (2)
Howden Stuart 7pc Conv.
Magnet & Southerns

STORES (1)
UDS

FOODS (1)
Gateway Secs. 'A'

INDUSTRIALS (8)
AVP Inds.
Dykes (J.)
Fertleman (B.)
Lobus (Harris)
Pritchard Services
RTD
Reed Internatl.
Whiteley (B.S. & W.)

PAPER (1)
Inveresk

SHOES (1)
Allebone

OILS (1)
Cie Fr. Petroles

MINES (15)
Kinross
Winkelhaak
Buffels.
Doornfontein
East Drie.
Elsburg
Kloof Gold
Libanon
Vaal Reefs
Venterspost
W. Drie.
Western Areas
Western Deep
F.S. Geduld
St. Helena

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	—	29	36
Corpns. Dominion and Foreign Bonds	11	11	42
Industrials	284	244	1,188
Financial and Prop	70	106	396
Oils	14	4	19
Plantations	5	4	33
Mines	22	58	67
Recent Issues	7	5	28
Totals	412	455	1,809

BASE LE[NDING] RATE[S]

Allied Irish Ban[k]
American Expre[ss]
Anglo-Portugues[e]
Henry Ansbach[er]
Banco de Bilbao
Banco de Jerez
Bank of Cyprus
Bank of N.S.W.
Banque du Rhon[e]
Barclays Bank
Barnett Christie
Bremar Holdings
Brit. Bank of Mi[d. East]
■ Brown Shipley
Canada Permane[nt]
Cayzer, Bowater C[...]
Cedar Holdings
■ Charterhouse Ja[phet]
C. E. Coates
Consolidated Cre[dits]
Co-operative Ban[k]
Corinthian Secur[ities]
Credit Lyonnais
G. R. Dawes
Duboff Brothers
Duncan Lawrie
English Transco[nt.]
First London Se[cs.]
■ Anthony Gibbs
Goode Durrant T[rust]
Greyhound Guar[anty]
Grindlays Bank
■ Guinness Mahon
■ Hambros Bank
Hawtin & Partn[ers]
■ Hill Samuel
C. Hoare & Co.
Julian S. Hodge
Hongkong & Sh[anghai]
Industrial Bank o[f ...]
Keyser Ullman
Knowsley & Co.
Lloyds Bank
London & Europ[ean]
London Mercan[tile]
Midland Bank
■ Samuel Montagu
■ Morgan Grenfell
National Westm[inster]
Northern Comm[ercial]
Norwich General
Portman Guarant[ee]
P. S. Refson & C[o.]
Rossminster Acc[...]
Schlesinger Limi[ted]
E. S. Schwab
Security Trust C[o.]
Shenley Trust
Standard Charter[ed]
Trade Developme[nt]
Twentieth Centur[y]
United Bank of K[uwait]
Whiteaway Laidl[aw]
Williams & Glyn'[s]
Yorkshire Bank

■ Members of the Ac[cepting Houses] Committee.
* 7-day deposits 6½[...] 6⅔%.
† 7-day dep[osits ...] under £1[...] over £25,[...]
§ Demand deposits [...]
‡ Call deposits over £1[...]

CORAL IN[DEX]: Close 384-[...]

INSURANCE [BASE] RATES

† Atlantic Assurance [...]
Cannon Assurance [...]
Address shown under [...] Property Bond table.

MONEY MARKET

Large assistance

Bank of England Minimum Lending Rate 11½ per cent. (since May 21, 1976)

Day-to-day credit was in short supply in the London money market yesterday and the authorities gave assistance by buying a large amount of Treasury bills and local authority bills from the discount houses. Banks brought forward slightly run-down balances from Friday, there was a fairly heavy market take-up of Treasury bills, and an increase in the note circulation was a further adverse factor. An excess of Government disbursements over revenue payments to the Exchequer had been expected, but in the event the revenue flow was roughly in balance.

Discount houses paid 11-11½ per cent. for secured call loans at the start, but by the close funds were available at 10-10½ per cent.

In the interbank market overnight loans commanded 11⅛-11¼ per cent. in early dealings, and touched 11½ per cent., before easing at the close to 10 per cent.

Short-term fixed period interest rates were very slightly firmer in general. Discount houses buying rates for three-month Treasury bills were 10⁹⁄₁₆-10⅝ per cent., compared with 10⅝ per cent. on Friday.

Rates in the table below are nominal in some cases.

July 12 1976	Sterling Certificates of deposits	Interbank	Local Authority deposit*	Local Auth. negotiable bonds	Finance House deposit	Company deposits	Discount market deposits	Treasury bills ◆	Bank Bills ◆	Fine Trade Bills ◆
Overnight	—	10-11½	—	—	—	11½	10-11¼	—	—	—
2 days notice	—		10¾-11	—	—	—	—	—	—	—
†7 days or 7 days notice	—	11⅛-11⅜	11-11⅛	—	11⅛-11½	—	11-11¼	—	—	—
One month	11¼-11⅛	11⅛-11¼	11-11⅛	11¾-11¼	11⅛-11½	—	10¾-11	10¾-10⅝	11⅛-11⅛	11¾-11⅜
Two months	11¼-11⅛	11⅛-11¼	—	11¼-10¾	11¼-11⅜	—	10¾-10⅞	10⅞	11⅛	11¾-11⅜
Three months	11¼-11⅛	11⅛-11¼	11⅛-11¼	11-10⅞	11⅜-11¼	—	10¾-10⅞	10⅝-10⅞	11	11¾-11⅜
Six months	11⅛-11⅛	11⅛-11⅞	11¼-11⅜	11-10¾	11⅛-11⅞	—	—	—	10⅝-10⅞	11⅝-11⅜
Nine months	11⅛-11⅛	11¼-11½	—	11½-11	12	—	—	—	—	—
One year	11⅛-11⅛	11⅜-11⅝	11¾-12	11¾-11¼	12⅛	—	—	—	—	—
Two years	—	—	12½-12¾	—	—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days' fixed. * Longer-term local authority mortgage rate nominally three years 13-13⅛ per cent.; four years 13½-13⅝ per cent.; five years 13⅝-13⅞ per cent. ◆ Bank bill rates in table are buying rate for prime paper; buying rates for four-month bank bills 11-10¹⁵⁄₁₆ per cent.; four-month trade bill 11⅝-11⅞ per cent. Approximate selling rate for one-month Treasury bills 10²¹⁄₃₂-10⅝ per cent.; two-month 10¹³⁄₁₆-10½ per cent.; and three-month 10²⁷⁄₃₂-10¹³⁄₁₆ per cent. Approximate selling rate for one-month bank bills 11¹⁄₁₆-11 per cent.; two-month 10¹⁵⁄₁₆ per cent.; and three-month 10⅞ per cent.; one-month trade bills 11¾-11½ per cent.; two-month 11¾-11½ per cent.; also three-month 11⅝-11⅛ per cent.

Finance House Base Rates (published by the Finance Houses Association) 11 per cent. from July 1, 1976. Clearing Bank Deposit Rate for small sums of seven days' notice 6½ per cent. Clearing Bank Base Rate for lending 10½ per cent. Treasury Bill average tender rate of discount 10.6825 per cent.

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FINANCIAL TIMES SURVEY

Tuesday July 13 1976

CHICAGO

Blessed with geographic advantages that make it a natural trading centre, Chicago's economic position has been strengthened by diversification. But blight has crept over the inner city area raising social problems, and there are doubts about Mayor Richard Daley's ability to handle them.

ty aced r ange

ewart Fleming

ιR the man referred to ıg Richard," especially e *speaker is an urbane* fluential civic leader, s something of a shock. ınderlines the dominant which Mayor Richard he 74-year-old autocrat : governed Chicago since ıntinues to occupy.

Mayor Daley's Chicago, ', is now showing signs ; attacked by the urban *which are gnawing* t many of the older al cities of the north. f the United States. , to be sure, is better than many others, and Cleveland for ı, to disprove the fore- those urban sociologists e confidently predicting ties as we have seen ıevelop since the Indus- evolution are a thing of st. But the outcome is by no means a foregone conclusion.

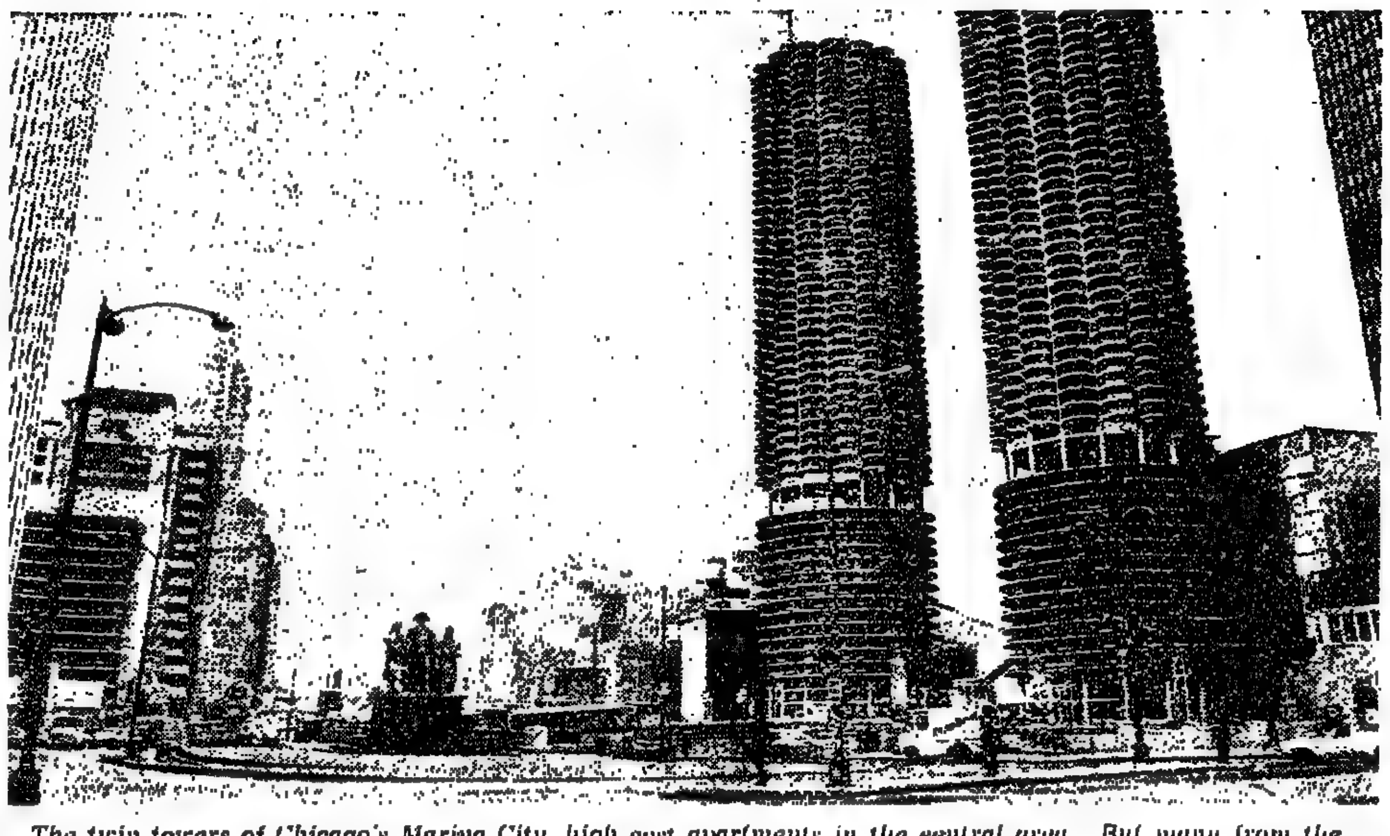
Moreover, there are those in Chicago who now question whether the Mayor is still the best man to see the city through what promises to be a period of great change. At the same time there is growing anxiety about how the structure of government and the city's delicate political balance would react to the jolt of his sudden departure.

That Chicago does have a better chance than most north eastern industrial cities of coping with the forces of change can easily be demostrated. One positive pointer in that even such vigorous analysts of municipal finance as the bond rating agencies Mondy's and Standard and Poors continue to give the city a double A rating.

*In addition the central down*town area which is of such concern in Detroit remains healthy and alive. The lake shore front, too, continues to be a fashionable dwelling area for the better off and the young.

Primarily it is Chicago's location at the junction of the east and west of the U.S., and as a focus of routes to the south and *up through* the Great Lakes, that has made the city so prosperous and important, and it retains these advantages. Last year, for example, Chicago claimed to hande more freight *than any other U.S. city,* and its O'Hare Airport is reputedy the busiest in the world.

These natural advantages have been bolstered by the city's diversified economic and financial base, and by the dozens of major corporations who have made their headquarters or at *least their regional head*quarters in Chicago.



The twin towers of Chicago's Marina City, high cost apartments in the central area. But many from the middle classes have fled the centre for the outer suburbs.

The city's strengths can be measured in financial terms by noting that the six county area which makes up the metropolitan region of Chicago has a gross product equivalent to about 7 per cent. of U.S. GNP. *A qualitative measure is the* area's range of industry, from steel production to vehicle manufacturing to electrical and mechanical engineering, which has prevented Chicago from becoming too dependent on a single industry.

The diversity extends to the *presence of a large financial* sector, which includes two of the ten largest U.S. banks, Continental Illinois and First National Bank of Chicago, as well as the dominating U.S. commodities futures markets.

The city's importance as a financial centre has been under*pinned by the influx of foreign* banks—more than 20 of them—since the 1973 change in Illinois State law. There is now the beginnings of an active foreign exchange market among these banks.

Chicago's banking community is especially important because of the unusual State of Illinois law which prevents a bank from having more than one branch. This provides another rock in the city's defences, for it ties the banks to Chicago's future. Business interests are thus working hand in hand with the city's government to meet the threats facing Chicago in a way which happened in New York only when that city's social crisis had overwhelmed it.

There are now, according to some bankers, indications of a revival of manufacturing investment, a development which is *seen as promising lower levels* of unemployment among black youths, which would help to assimilate them into the community.

The darker side of Chicago's future, which contrasts starkly with the strength of the metropolitan area's economy, is most evident in the social decay which has inundated large tracts of the city and has reached the borders of the core of the city.

Forecast

Pierre de Vise, Professor of *Urban Sciences* at the University of Illinois and a recognised authority on urban affairs, has forecast that unless the city of Chicago gets help from outside to "break the vicious cycle of demographic change," fiscal decline would eventually lead to bankruptcy.

The problems which Chicago faces in social and demographic *terms are examined more fully* in another article on the inner city. But the effects they are having on Chicago's economy are in essence those which are rotting the centres of the older industrial cities of the U.S.

Since the beginning of the century the city has absorbed thousands of black immigrants from the south of the country in particular. More recently a Latino element (Puerto Rican and Mexican) has also added to the influx. The result has been that in a very short space of time approaching 40 per cent of the city's population has come to comprise a poor and mainly black community with *pockets of unemployment of up* to 40 per cent.

As the immigrant wave has come in, so the white middle classes have fled to the suburbs. Manufacturing industry has also been leaving the city, either to the suburbs or to the "sun belt" states of the south and west of the U.S., in search of cheap non-union labour or better locations *for expansion.*

This has led to a contraction of the city's effective tax base, to growing pressures on police and fire services, and to a crippled public education system, all of which are driving Whites into the suburbs.

Over this urban blight Mayor Daley has presided, battling with business interests (so far successfully) to keep the commercial core of the city functioning through ambitious office and shop developments. However, his recent decision to begin to enforce a city ordin*nance requiring municipal em-*

CONTINUED ON NEXT PAGE

State controls anger banks

THE TWO biggest banks in Chicago, Continental Illinois and First National Bank of Chicago have more branches in Britain than in their home State of Illinois. They are nevertheless among the top ten banks in the U.S., each with assets close to $20bn. The explanation of this apparent paradox is that Illinois is one of three States, the others are West Virginia and Oklahoma, which prohibits branching and so restricts banks to one office.

While this is a considerable restriction, and one which has finally pushed the Chicago banks to open revolt, it has not prevented the city from developing into one of the country's most important banking centres.

With $88bn. in bank assets and over 20 foreign banks in the State (mainly in Chicago) Illinois is the third largest banking State in the country.

One explanation for Chicago's importance as a banking centre is the strength of the region's economy. Within a 500-mile radius of the city is located one third of the U.S. population, two fifths of the country's manufacturing industry and one third of its retail trade.

That in itself is not an adequate explanation. In addition Chicago has become either the headquarters or the regional headquarters for dozens of the largest U.S. and multinational companies. The list includes such companies as International Harvester, retailers Sears, Roebuck Marcor, now taken over by Mobil, Inland Steel, Kraftco, Standard Oil (Indiana) and CNA Financial Corporation, to name some of the largest.

The presence of so many multinational corporations and the strong industrial base are among the factors which have attracted foreign banks to the area, although a number of them, including Greek and Israeli banks are seen to have come primarily to service local ethnic communities.

To some extent the foreign banks are competing with local rivals although in the main it seems they are playing a complementary role providing services to local companies with international operations and to companies from their home countries who have set up a local operation.

Foreign

As in New York, Chicago bankers report a growing interest on the part of foreign businessmen from Holland, Germany and Japan in particular to start operations in the U.S. and in the Chicago area. One of the reasons frequently cited to explain this inwards migration, especially from Europe, is the desire by these businessmen to establish operations in what they see to be a stable capitalist society, an environment frequently contrasted it seems with their principal domicile. Exchange controls, where they exist, are an inhibiting factor in these movements, but not necessarily a preventative factor.

The foreign banks do not seem to be making much attempt to break into retail banking, except where they are aiming to serve ethnic groups not commerce. Barclays has, however, caught the public's eye by offering travellers cheques without charge.

Whatever the activities of the foreign banks, the development of Chicago's banking business is going to continue to depend to a great extent on the activities of the city's market leaders, Continental Illinois and First Chicago, both of whom have been active, and to a degree pugnacious, in some of their operations especially in relation to Illinois banking laws, during the past year.

For example, Continental Illinois has just announced a wide-ranging restructuring of its operations. One objective has been to establish a division specially geared towards servicing multinational corporations in such a way that a senior bank executive will take control of a company's worldwide banking relationships with Continental. This replaces the system under which a U.S. multinational, for instance, would deal with bank officers around the world to a large extent independently.

In the restructuring it would seem that Continental is aiming to strengthen its international trade business, an area which has been a great growth point for many multinational banks, particularly Citibank in New York for example.

First National of Chicago has also been experiencing some restructuring, although in its case it has stemmed from the retirement last year of Mr. Gaylord Freeman and his replacement as chairman by Mr. Robert Abboud.

Mr. Abboud is proving to be a tough and outspoken personality who has already taken independent stances on such issues as the bank refinancing of Lockheed Aircraft, New York financing and disclosure of bank problem loans.

Since he took control, First Chicago, which had the reputation for being a particularly expansive business perhaps under the influence of its rivalry with Continental Illinois, has lost dozens of senior executives, some of whom have left to take control of other large banks in different parts of the country.

There are suggestions that Mr. Abboud has tightened up control in the bank particularly in connection with loan losses, an area where it has been hit more heavily than its great rival.

While Continental and First Chicago are often contrasted in relation to their styles of operation, on one issue, Illinois banking laws, the two have adopted similarly provocative stances.

Both banks are determined to try and break away from the inhibitions inherent in the one branch banking laws of the state. In the courts they have been seeking rulings that customer bank computer terminals (CBCT) are not branches within the meaning of the 1977 McFadden Act which applies to national banks.

In trying to break away from the branch banking restrictions the two banks have opened a number of electronic terminals which provide retail customers with most of the important personal bank services. Customers with special banking cards can through the computer based terminal, draw up to $100 cash, make deposits and have them credited to their accounts and through Mastercharge take loans, by punching out the correct codes.

Within weeks of the installation of these first terminals last year the Illinois Commissioner of Banks challenged the electronic terminals, arguing that they are in fact branch banks because they take deposits and make loans.

The banks have lost their case in lower courts and are now seeking Supreme Court rulings. Already a number of U.S. banks are recognising that their branches dealing primarily with private retail customers are proving too expensive to operate and are beginning to close some of them, releasing assets locked up in branch property and saving escalating staff costs. If they can get court approval for electronic terminal branching in Illinois, Continental and First Chicago may have jumped a whole stage in banking development by moving straight into the electronic banking era.

Educate

U.S. banks like Citibank are already trying cautiously to educate their customers to use computer terminals in their branches with a view to moving towards greater automation in branch banking. If successful, the development of the Chicago banks' electronic systems will be closely watched not only in the U.S. but in other parts of the world where banks are becoming concerned about the costs of branch services for retail customers.

In developing their computer terminal branches, assuming they eventually win their case, the Chicago banks are watching rival financial intermediaries such as Federal Savings and Loans Associations and have set up bra[nches] in Illinois. In some [...] York in particula[r] banks have been [...] powers to provide [...] vices and make loa[ns] [...]mers. They promise [...] important rivals to [...] banks in retail trad[e].

Already Illinois S[avings] and Loans Associati[ons] [pro]vide cheque s[ervices] customers. The C[...] mercial banks are [...] to leave themselves [...] retail banking com[...] this sort. They h[ave] been helped by M[...] who under Chicago'[s] constitution has es[...] ordinance allowi[ng] branching in the c[...] community offices [...] tronic terminals. [...] claim that this will [...] their lending to are[as] which are sufferin[g] Urban decay.

Stewart [...]

Change

CONTINUED FROM PREVIOUS PAGE

ployees to live in Chicago and not in its suburbs, as well as a speech calling for Federal aid to the city, appear to be indications of growing anxiety.

In influential quarters in the city, however, there is concern about whether the Mayor will prove flexible enough to cope with Chicago's emerging problems, and there is even deeper anxiety about the question of a successor. Fears on the latter point are countered on the grounds that he is still healthy (by all accounts more vigorous since an operation than he was a couple of years ago) and that in any case the administration beneath him is strong.

Stagnated

Political life in Chicago, it is generally thought, to a great extent stagnated since the Mayor's accession to power. Mayor Daley's political machine, the last of the great urban machines based primarily on a single minority ethnic group (the Irish), has survived because the city has remained divided. Politically and physically, Chicago is certainly not a melting pot.

What will happen when Mayor Daley finally departs, however, is dis[...] certain. Will his [...] ordinates allow one [...] the two mantles o[f] office of mayor an[d] Cook County Dem[ocratic Com]mittee, which ha[...] Daley's power [...] political warfare [...] among his am[...] ordinates, who ar[...] some accounts [...] position?

Will the Black[...] already numeric[ally] enough, unite to [...] Mayor—just as [...] have already bee[n] [...] many industrial [...] they do what im[...] have on the city an[d] community?

One influential [...] pressed the issues [...] the Mayor is far-s[...] to arrange an orde[rly] [...] he suggested, th[...] government will [...] chance of coping [...] lems. Chicago [...] strengths are imp[...] the cities of the [...] the U.S. and its s[...] are in many way[s] [...] Its political struc[ture is prob]ably unique, and [...] be seen whethe[r] [...] strength or a we[akness] [...]

هكذا صدر الأصل

'Hizonner' still in the saddle

'three years ago it fashionable, almost y so, to drag the ibituaries of Richard from the files and em. The Mayor. it as on the way out: ven a seat at the in 1972 by the c Party which once him as a kingmaker, vith a Governor of vhom he could not l struggling with the blems from which not icago was entirely the word was that " was getting on a losing his touch. It was even said in s, the real name of was to find out who to succeed him.

ughts, it is clear to hopelessly premature. his 22nd consecutive yor of America's most city, Richard James of the "auld sod" litician, confidant of and dustmen, is just powerful as he ever ien he walked down eet on St. Patrick's March, his minions yed behind him as in ild, the ward heelers, ict bosses, the recipi- is patronage and his s, their order of arefully chosen to ir importance in the machine that only he erstands. There was r testament to his it even on this great iotic day in this city sentiment, when the the beer are dyed l everybody carries a there was hardly an h sign to be seen in e: the Mayor had said uld not be so (he was ng Mr. Cosgrave, the emier, to dinner a days later) and it was

good cause for satis- n St. Patrick's Day: the day before, his had done its work and ousted, in the le primary election. Dan Walker of Illinois, the man whom the Mayor loathed most. It did not matter that the man whom Daley had elected in his stead, Michael Howlett, was so unimpressive that there is a good chance that he would lose to the attractive, capable Republican Jim Thompson, in the November poll: anything, he had concluded, was preferable to having to deal for a day longer with "walking" Dan Walker.

Headlines

Nearly three months later, the national headlines were all about Mayor Daley. His judgment was that there was only one result that counted in the climactic day of the Democratic presidential primaries: irrespective of what happened in California and New Jersey, he said, if Jimmy Carter decisively won the Ohio primary, then the party's nomination should be his.

He did and it was: Mayor Daley was the first to endorse the former Governor of Georgia on the morning after and was followed almost immediately by the serried ranks of the national party, just like old times, when Daley led and the rest followed.

The Carter-Daley relationship is also witness to the Georgian's acute political instincts. Back in March, in the Illinois primary, Carter had avoided, as far as possible, running delegates in districts where Daley slates (nominally pledged to Senator Adlai Stevenson from Illinois) were strong, but made hay downstate in Walker territory. Carter also told his supporters not to oppose the selection of Daley as State delegation chairman. The lines of communication between the two men were always open—indeed Senator Stevenson may yet be Mr. Carter's running mate in the general election. The courtship was delicate and restrained (Mr. Carter, after all, did not wish needlessly to offend the liberal democrats, who still have difficulty stomaching the Mayor), but when it was all over, the engagement was effusive, the Mayor becoming the first person in America to call the nominee-presumptive "Jim," praising his religion, even though Daley is a catholic and Carter a southern baptist, and entertaining him lavishly in Chicago itself.

In many ways, Mayor Daley has not changed over the years. He still believes that tight control is the prerequisite to good government and suspects that criticism weakens that control: his pride, moreover, is as great as it ever was. Thus, when Mr. Ralph Metcalfe, the long serving congressman from Chicago's Black district, accused the city police of brutality, Daley took it as a personal insult and singled out Metcalfe for defeat in the March primaries. His control in the Black wards had been effective in the past and he had the wit to install as his candidate one of the best and brightest of his loyal Black supporters. Curiously enough, the Mayor got it wrong and Metcalfe was returned in a landslide, but Daley did not seem worried. "You win some, you lose some," he commented, secure in the knowledge that he had won the biggest one the same day by securing Walker's defeat.

Many of the city's Blacks believe that the Daley campaign against Metcalfe was evidence of the Mayor's inherent contempt for and lack of interest in the wellbeing of minorities, who comprise one-third of the city's population. This, perhaps, is not entirely fair, since Chicago's Blacks have received at least some of the benefits from the fact that the city is, by modern urban standards, pretty well run. But there have, nonetheless, been plenty of bones of contention this year. His critics, for example, have contended that the Mayor has done his best to ensure that federal public housing projects for the low income groups stay in the Black areas and be not inflicted on the White suburbs. The city was taken to court over this and the Supreme Court ruled against Chicago, though Daley says he can live with the decision.

Other conflicts have arisen over the number of Blacks in the traditionally Irish-dominated police force — where the minority percentage has been declining in the last decade following the passing of the last reform Police Commissioner—and over the deployment of White and Black teachers in the school system. In both cases, the Mayor has shown himself willing to defy federal authority and incur the loss of federal funds (no small matter given the tightness of the municipal budget).

In one sense, Mayor Daley is in tune with the national mood. He likes to say that "intelligence," does not only live "along the Potomac." A message that politicians as diverse as Jimmy Carter and Ronald Reagan have preached to great national effect this year. But, then, he has always resented outside interference in Chicago's affairs in the 22 years that he has run the city. His claim is that he has done his job well and even his most violent detractors (and there are many who have accused him over the years, sometimes accurately, of most of the sins known to man other than personal venality) give him credit for this.

And now he is back again with a vengeance—not much changed, not much loved, but a power in Chicago, Illinois and America.

Jurek Martin
U.S. Editor

Mayor Richard Daley: not much loved but still a power in the land.

High-priced shopping

OVER THE PAST 30 years, the movement of population and retail trade in large cities all over the U.S. has been in one direction — outward to the suburbs. Retail establishments in ageing "downtown" urban shopping cores have been hard-pressed to hold their own in the face of the dispersion of their middle-class clientele. More often than not, they have closed shops downtown and chased their customers to the suburbs.

In Chicago, however, this pattern was sharply reversed last year. The catalyst was a 74-storey building called Water Tower Place, situated on North Michigan Avenue—only about a mile from the city's central "Loop."

The first seven floors of this stark new building, named after the survivor of the fire of 1870 that stands just across the street, house adjoining department stores operated by Lord and Taylor of New York and Chicago's redoubtable Marshall Field and Co. On arcades between them are spaces for an additional 100 specialty shops and restaurants: about 25 are occupied and 50 should be in business by year-end. Upstairs from the stores is the Ritz-Carlton Hotel, a name noted for elegance elsewhere. On top of that are 40 floors of condominium apartments, ranging in price from $135,000 to $257,000.

The combination of medium-priced shopping and high-priced living has been irresistible to Chicagoans, changing North Michigan Avenue from a staid stretch of clothing stores for well-to-do women to a broad-based retailing thoroughfare. Spurred by last October's highly successful openings of Field's and Lord and Taylor, sales on the mile-long street climbed to $95m. in 1975 from $75m. the year before. The full-year operation of the Water Tower Place stores is expected to boost North Michigan Avenue's revenues to more than $160m. this year.

Those figures should climb even more in the years ahead. Neiman - Marcus, the Dallas-based department store chain, owns a piece of land on the avenue and says it will build a major store there before the end of the decade. Ground has been broken for a 44-storey Marriott hotel that will increase the area's important out-of-town trade.

Hottest

The new and future establishments, added to the Saks-Fifth Avenue, Bonwit Teller, I. Magnin and Stanley Korshak clothing stores already there, make North Michigan Avenue "about the hottest shopping street around," says fashion designer Bill Blass. He adds: "I don't know of any other street in the world that will have such a concentration of retailing wealth."

Behind North Michigan Avenue's growth are a number of factors, not least of which is the resurgence of its immediate environs as a residential centre for people of middle income and above. In a development fostered in part by federally financed urban renewal programmes, numerous "luxury" high-rise apartment buildings have sprung up along Lake Michigan just north of the avenue, luring a mix of affluent older couples whose children have grown up and people in their 20s who want to be close to the area's nightlife.

The two neighbourhoods closest to the avenue are among the few in Chicago that have shown population increases in the last half-dozen years. Close to 150,000 people live within a 15-minute bus ride of the street, "and most of them can afford to buy what we have to sell," notes one North Michigan Avenue merchant.

By contrast, the "Loop," Chicago's traditional retailing centre, is increasingly becoming the province of the Blacks and other minority group members whose numbers have grown in just about every other portion of the city.

Sales in the "Loop" amounted to more than $600m. last year and the section seems sure to survive as the city's main retailing area. Appliances, furniture and many low-priced clothing items are available there that cannot be bought on North Michigan Avenue.

Nonetheless, "It wouldn't be an overstatement to say that Michigan Avenue is becoming the white downtown shopping core," says Brian Berry, head of the University of Chicago's Centre for Urban Studies. "It reflects the racial bifurcation of the U.S. as a whole."

Other factors are more immediately observable. One is the presence on the street of hotels catering to a wealthy clientele: Michigan Avenue retailers say that about one-third of their business comes from out-of-town. On the northern tip of the avenue is the Drake Hotel, long the city's most fashionable. Next door is the Continental Plaza, a newer, sleeker haven for conventioneers. The 450-room Ritz-Carlton, where room prices average a lofty $60 a day, has become a substantial drawing card.

There is also the physical attractiveness of the street itself. It's Chicago's broadest boulevard, measuring as much as 80 feet wide in some parts. No urban canyon, its buildings range in height from the 100-storey John Hancock building to several two- and three-storey structures. Its stores, hotels and office buildings are relieved by the low, gothic-style Fourth Presbyterian Church, which occupies a full block, and the tidy park alongside the landmark Water Tower.

Lining both sides of the street are trees planted in five-feet-deep vaults buried beneath the sidewalks. Property owners first planted elms in 1948. As they die out, the city is replacing them with thornless honey locusts, whose leaves don't make as much of a mess in the autumn.

Protection

The city government also sees to it that shoppers feel safe by granting the avenue more police protection per foot than any other section of Chicago. This is especially noteworthy because violent crime is rare on the street and the offence most frequently committed there—shoplifting—usually is handled by the stores' own security staffs.

Finally, as Howard Clyne, head of the local Saks Fifth Avenue store puts it: "We on Michigan Avenue have been fortunate that the people who own property here have kept in mind the importance of maintaining the tone of the street."

Should they forget, the Greater North Michigan Avenue Association, which represents local stores and building owners, is there to remind them. Among other things, the group has spearheaded drives to restrict the operation of "adult" book stores and "massage" parlours near the avenue, and it has suggested to a few building owners that their choice of retail tenants might be unwise. "We wouldn't like to see a lot of stores that sell promotional-type merchandise. That's not what Michigan Avenue is all about," says Nelson Forrest, executive director of the association.

Frederick C. Klein

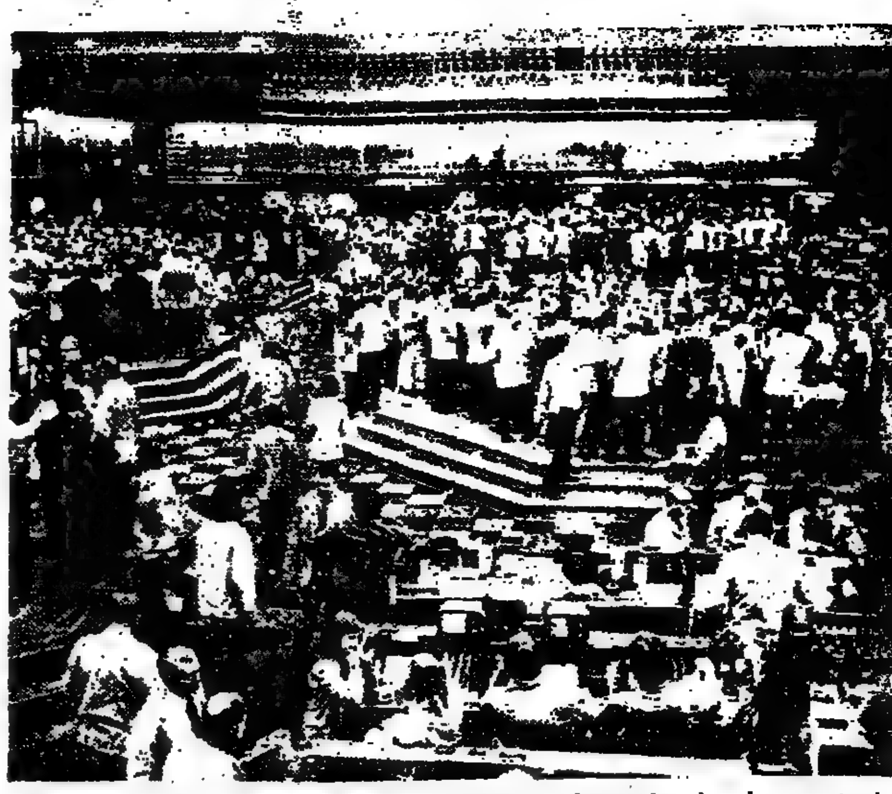
Commodity traders enjoy new boom

MR. WARREN LEBECK, President of the Chicago Board of Trade concedes that the massive default on the May potato contract on the New York Mercantile Exchange has posed a serious challenge to all of the 14 U.S. commodity markets.

He studiously withholds judgment on the issues involved in the default, in the course of which several large traders did not honour contracts to deliver some 50m. lbs of Maine potatoes, on the grounds that the circumstances surrounding default are still unclear. But he accepts that what appears to be so basic a challenge to the commodity markets' regulatory systems cannot be lightly dismissed.

The May default in New York came at an uncomfortable time for that market and for Chicago's Board of Trade and the Chicago Mercantile Exchange, as well as for the other U.S. commodity markets. Beginning to emerge from the newly constituted Commodity Futures Trading Commission (CFTC) are advisory reports concerned with the future regulation of commodity markets.

The CFTC is only just one year old. Its importance to Chicago can be appreciated against the context of the dominating position which the city has established in commodity markets. The Chicago Board of Trade for example is now perhaps the most vital and innovative of the commodity markets. The year since the CFTC began its operations has been one of further expansion.



Chicago Board of Trade: there is concern about the development of policy by the Commodity Futures Trading Commission.

Soyabeans

During 1975 contract volume on the Exchange rose by 9.3 per cent. from 14.6m. contracts in 1975 to 15.9m. contracts worth $300bn. Corn was the most actively traded futures contract but soyabeans grew most rapidly. The Chicago Board of Trade maintains that its 4.8m. of corn contracts traded last year made it the most actively traded futures contract in the world.

Late last year the Board of Trade underwrote its reputation for innovation by introducing a contract for trading interest rate futures.

In view of their pre-eminence and growth, a vital issue for the Chicago commodity markets is how any new rules relating to the commodity markets established by the CFTC will affect business.

In recent months Mr. Lebeck has been around the country delivering outspoken critiques of the dangers of bureaucratic regulation, at times no doubt preaching to the converted for there is a growing scepticism about the role of federal and regulatory agencies.

Since some of these speeches were made, however, the first indications have emerged about the way one of the CFTC's advisory committees, the important economics committee, are thinking. While the committees cannot commit the Commission at their early stage they are thought to provide a good indication of the way the Commission's policy will develop.

On the basis of the advisory committee's reports, Mr. Lebeck concedes that the evidence about the likely trend of future commodity market regulation "heartening." Just how heartening would seem to depend not only on the Commission's acceptance of the advisory committee's suggestions but also on its eventual decisions on some crucial issues of detail.

One of these is the question of whether a commodity broker should be allowed to deal both for his customer and himself, thus running into inevitable conflicts of interest. One view appears to be that these conflicts can be adequately controlled, partly for example by time stamping deals. But there have been indications that some members have reservations about "dual trading," as it is called.

The elimination of dual trading would be an important turning point in the markets' development if the CFTC were to decide on it. It would for example probably remove a substantial volume of business which at present contributes to the liquidity of the market and therefore the attraction of the exchange.

The other issue which is concerning the markets is the question of contract terms. Since the New York potato default exposed deficiencies in that market's contract terms, the question has become even more central to the CFTC's brief. It was in any case an issue which the CFTC was looking into, and decisions it reached about, for example delivery points for contracts can have a big impact on a market's competitive position.

These are some of the anxieties which are being expressed about the CFTC's developing role. On the other hand there are several reasons why Mr. Lebeck should be able to discern a number of basically encouraging trends.

In the first place the advisory committee on which Mr. Gary Seevers, one of the commissioners, sits has come to some conclusions which, if followed by the Commission itself, augur well for the development of Chicago's commodity markets. Thus the committee has taken the view that futures markets are economically justified and should be encouraged to develop. Such a view could not have been assumed to be a foregone conclusion a couple of years ago when commodity markets were catching much of the blame for rising food prices and the associated inflation.

Default

In a speech in New York only a few days after the potato default, Mr. Seevers emphasised that in coming to this judgment the economics advisory committee concluded that "properly functioning futures markets provide important economic benefits to the public through providing an institutional framework for competitive price discovery and risk shifting.

The economics advisory committee has also recommended some changes in the current monitoring and surveillance of futures markets which if implemented would appear to make them more attractive to users.

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Hub of the nation's freight networks

ALTHOUGH *Chicago has lost* the slaughterhouses that inspired Carl Sandburg to dub the city hog butcher for the world, it still exults in those other brawny titles conferred by its poet: "player with railroads and the nation's freight handler."

In America nearly 40 per cent. of the inter-city movement of goods is by rail and of the annual 25m. carloads fully one-third originates in, passes through or terminates in the vast marshalling yards of Chicago. The shunting district contains 7,600 miles of track serving 4,200 industries with 1,500 goods trains daily. The city is at the centre of a great web of steel strands spun largely by a combination of British capital and Irish labour in the 19th century. Fifteen long-haul railways converge here, where they are bound together by five belt-line roads and supplemented by six so-called private lines run by such companies as steel mills.

Chicago is America's principal rail "gateway — the portal through which the manufactured goods of the East move to the territories beyond the Mississippi and the foodstuffs and raw materials from the West are funnelled to the Eastern population centres. In addition, large quantities of grain and other goods move southward to the ports on the Gulf of Mexico over such lines as the Illinois Central Gulf, a unit of IC Industries Inc., whose shares were admitted to trading on the London Stock Exchange earlier this year.

Player with railroads: yesterday's metaphor is to-day's reality. In the corporate headquarters of the various western *railways, heavily concentrated* here, chief executives bend above boardroom tables, placing transparent maps of their own systems on those of others and weighing possible mergers. The object of the game is "rationalisation"—to stave off nationalisation (of which Britain is generally cited as a particularly horrifying example). Rationalisation means the elimination of costly redundancies; for example, five major railways parallel each other between Chicago and Omaha.

A form of nationalisation has already appeared in the north-east, where last April 1 the Government erected Consolidated Rail Corp. on the ruins of six bankrupt lines. Federally funded ConRail is intended ultimately to become a profitable private enterprise but just now other railways view it with trepidation. Says Hays Watkins, chairman of Chessie System Inc.: "We cannot compete with the Government's ability to tax."

Competition

Some western rail chiefs are not too keen on mergers. Larry Provo of Chicago and North Western thinks increased size creates more problems than it solves and Leonard Murray of the Soo Line, an affiliate of Canadian Pacific, still plumps for rail-versus-rail competition as a warranty of good service to the shipper. But most executives believe the rails have all they can do to compete with other modes of transport and these men agree with William Quinn of Chicago Milwaukee Corp., who argues that the weaker western lines must *cluster round the stronger to* form three or four great systems in what has become known as the Quinn Plan.

Mr. Quinn's own railway has flung itself at the feet of Burlington Northern Inc. but thus far that prosperous prospective partner, with great expectations from future traffic in low-sulphur Western coal, has spurned its advances. Therein lies the problem throughout the region. Strength seeks strength. But shotgun weddings may lie ahead. In recent legislation the Administration has said in effect: "Realign yourselves or I'll do it for you."

The first formal negotiations *to emerge from all the recent* merger speculation involve not a regional consolidation on the lines of Mr. Quinn's plan but a job of butt-end joinery that would take the U.S. a long way towards its first transcontinental line. The conferees—both financially strong—are the Southern Railway in the South-East, and the Missouri Pacific, stretching westward to El Paso, Texas. Although the MoPac enters Chicago, the gateways where the two railways abut are Mount Vernon, Illinois, New Orleans, Memphis, and St. Louis, so that *the main thrust would be* through the so-called Sun Belt, the southern rim of the country that is thought to be gaining social, political and economic dominance. Rumours abound of counter-balancing East-West combinations that would link the sea coasts and involve Chicago more directly.

Besides serving as "the country's rail hub, Chicago is the principal home of the long-haul lorry driver, a colourful character who has begun to assume the folk-hero stature the past century conferred on the cowboy. The city's 2,000 trucking concerns operate 12,000 vehicles and employ 56,000 persons in hauling 27m. tons of manufactured goods annually, 10m. more than any other U.S. metropolis.

Chicago's production and transport dominance reflect its strategic location. The average truck shipment from here moves only 230 miles. Draw a 500-mile circle round Chicago and you enclose one-third of America's people, 41 per cent. of its manufacturing, 31 per cent. of its wholesaling and 33 per cent. of its retail trade.

Indeed, transportation is the reason for the city's very *existence. As one map-minded* schoolboy infelicitously expressed it: "Chicago is located at the bottom of Lake Michigan." In effect, this means a seaport in the middle of the continent. The port's 51m. tons of cargo a year make it the largest on the Great Lakes, originating one-third of all tonnage leaving the lakes for overseas and berthing nearly 700 overseas ships a year. And because the city is sited where the Chicago River enters the lake (actually, engineers have made it flow the other way), Chicago is linked by water to the Mississippi and the Gulf of Mexico, originating *20m. tons of barge freight a* year.

Because the port facilities and heavy industries are concentrated to the South, Chicago's business district fronts the lake with a skyline of unequalled splendour—rows of gleaming tall buildings (the skyscraper was invented here in 1883), with miles of parks and beaches at their base. When Queen Elizabeth II, presiding over the opening of the St. Lawrence Seaway, came to Chicago aboard the Britannia, she expressed regret that more visitors could not arrive as she had done over the water and see this modern Venice emerging from the morning mists.

The royal visitor's host on that distant day, Mayor Richard J. Daley, still reigns (and rules) in Chicago and seems to have a special appreciation for the fundamental role of water-borne commerce in the history and life of the city. Besides dyeing the river green each St. Patrick's Day, every summer he joins his people in a colourful Venetian festival on the lake front, celebrating Chicago's marriage to the unsalted seas. And on a more mundane level, the mayor's lieutenants in the Illinois State legislature are pushing a proposal to give him, rather than the State, control of the port district.

No one hereabouts is left unaware of the importance of that great harbour and its rail and truck lines. The sovereign States of the Union, besides boasting their own flags and armies, are not without their several anthems. The children of Abe Lincoln's Prairie State lustily chant:

Upon the inland sea
Stands thy great
commercial tree,
Turning all the world to thee,
Illinois!

John Ryan

Convention centre

"CHICAGO IS A big convention centre for hard products like machinery and tools," bragged a spokesman for McCormick Place, the city's largest exhibition hall, and dismissed New York City as basically catering to "the glamour products—the garment industry and jewellery."

The statement was made with the hard sell and bravado that one learns to expect from Chicagoans when they talk about their city. They like to push it as No. 1 in the nation in any and every possible sector, and among other claims they like to tout it as the nation's No. 1 convention centre.

Conventions mean big revenues for Chicago. Last year alone they brought $471.6m. in business to the city. According to statistics compiled by the city's Convention Bureau, the windy city played host to 1,067 conventions (meetings with no product displays) with a little over a 400,000 attendance. It opened its doors to 132 trade shows (a convention with product displays) with their 1.2m. participants. And it attracted 3,385 corporate meetings, with just under ½-m. representatives. All of this means money to city merchants.

The biggest spenders are the trade shows. Figures claim that each trade show participant spends $283.34 per person per day, and stays 2.8 days. This cost is run up by the expense of setting up an exhibition. Conventioneers spend only $188.89 per person per day, staying the same length of time, and the poorest spenders in the group are the participants in corporate meetings, who stay only an average of 1.6 days, and spend a moderate $94.45 each.

With trade shows such an important part of the city's convention business, a major drawing card is the better than 1.3m. feet of exhibition space in five major exhibition halls. By far the largest is McCormick Place, with 750,000 square feet. In the opinion of the management of the $100m. centre all the biggest trade shows in the nation eventually end up there at one time or another.

The giant centre, which offers a total 2.5m. square feet including restaurants, coffee shops, theatres, conference rooms and meeting halls, was the largest in the U.S. when it opened in 1971. It replaced a structure which burned to the ground in 1968.

On an average McCormick Place houses 65 trade shows a year, with an average stay of 14 days per show: five days to set up, four days for the show, and five to move out. It relies on its location in the heart of the industrial Mid-West. It brags about its solid structure in which the upper floor in a 30 foot by 30 foot area can support 360,000 lbs, so that moving vans can drive right into the exhibition area to set up. It emphasises the vast and reliable labour pool it can call upon to instal any exhibit—and reserves the right to use its own labour.

All this does not come cheap. By its own admission, McCormick Place is priced above most other comparable halls, with a base price of 65 cents per net square foot. (That, of course, covers only the bare walls—everything else is extra.) For this reason Chicago has faced increasing competition from cities such as Dallas, Houston and Atlanta for the lucrative trade show-business.

By way of comparison, New York's Coliseum, which rents only by the floor, charges a base fee of $1,975 per day for from 70,000-80,000 feet on its first, third and fourth floors, and *$2,675 per day for the 82,000* square foot second storey.

Labour

One issue in recent years has been the centre's demand that trade-show participants employ only union labour through the centre. The suggestion that it has labour problems makes its management hopping mad. It claims that there have been only occasional and isolated problems, magnified by the Press. The malcontents argue that the closed shop has meant some feather-bedding and higher costs for exhibitors. They have their proverbial story about not being able to lift a hammer without a union carpenter at hand.

Centre management and others in the field publicly dismiss such criticism. Their stance is one of unworried confidence. The statistics, however, are not exactly something to cheer about. Overall convention attendance is up only 1.5 per cent. over 1973 (it dipped slightly in 1974), and last year was not quite even with figures published for 1972. Similarly, dollar volume of convention business is only marginally ahead of 1972 tallies. The recession, naturally, carries much of the responsibility for the less than ideal results. Now that the economy is on a better footing, the 1976 totals will give a more accurate picture of exactly where Chicago stands, and how close to the top.

Candace Cuniberti

Elegance cloaks distress

WHILE IT takes only a taxi ride through downtown Detroit to tell you that the city is, to quote one resident, "dying," a brief visit to central Chicago would suggest that the city is still thriving. The shopping centres (with the exception of the city's one time pride, State Street) look prosperous enough, the many new office buildings, including some of the tallest in the country, elegant enough and the pavements busy enough to suggest that the city as a whole is as flourishing as in days gone by.

It is not until you start looking at the demographic statistics such as those compiled by the University of Illinois College of Urban Sciences, or some of the indicators produced recently by the First National Bank of Chicago, that the depth of the city's problems begin to emerge.

The bank's analysis has been put together partly in response to recent news reports suggesting that Chicago is financially in as bad a state as some of the other cities of the north east of the U.S. On the basis of the city's budgetary performance, quality of accounting and controls, debt ratios and the comparative position of its pension funds, Chicago makes out a convincing case to explain why it can raise bond finance with a double A rating.

Differences

There can be little doubt that Chicago's leaders are concerned that they will willy nilly be tarred with New York's fiscal image and suffer accordingly in financial circles. So it is useful to be aware of some of the differences between the two situations, especially in financial terms, before looking at some of the like problems.

For one thing, the two city governments are very differently structured. While New York's government is quite centralised Chicago's has a number of important separate revenue raising structures such as the city itself, Cook County, in which it is located, and the Board of Education. It is argued that this diversity helps the city's debt structure, although critics contend that it serves to confuse the underlying financial issues.

New York is one of the few U.S. cities to bear the cost of its courts system; it has a large, and hitherto free, college education system and it bears about one quarter of its generous welfare service costs. New York also has around 20 public hospitals (Chicago has one) which are expensive to run and it has allowed its pension fund benefits to get out of control, a prime factor in its financial crisis.

The contrast which Chicago presents in some of these areas (hospitals is one) is marked and goes a long way to explaining why the city has been able to retain its reputation for financial viability. To some extent the contrast can be attributed to the political decisions and influence of Mayor Daley and the stability which his 20 years of rule have given to Chicago's government.

The city itself, for example, spends under 5 per cent. of its budget on health and welfare and the bulk of the welfare services it provides are paid for by either the State of Illinois or the Federal Government.

Its system of college education is comparatively small and the students pay for the privilege of attending courses. Its pension fund benefits have been kept under control largely because the Mayor has had no incentive to push deferred pension costs on to a successor — since the successor for so many years has been himself.

Mayor Daley's position in controlling costs of city services (including pension costs) has been reinforced by the lack of collective bargaining in the city. Well-informed sources suggest that municipal wage demands are settled in whatever the Chicago equivalent is of smoke-filled rooms.

But to deduce from these fiscal strengths that Chicago does not have incipient financial problems in some ways similar to those facing other older industrial cities of the North-East is to ignore the immense social problems emerging in the city and the repercussions these can have into the financial system.

The Commercial core of the city and the Ritzy Lake Front apartments are now virtually surrounded by an unstable and to a large extent poverty-stricken and unstable Black and Latino (that is Puerto Rican and Mexican) community. As Professor Pierre de Vise of the University of Illinois College of Urban Sciences puts it, Chicago, like many other cities, has become a dumping ground for poor people.

Expensive

He points to the insanity of populating city centres, generally the most expensive places to live in, with the poorest citizens and (in New York's case anyway) compounding the problem by providing welfare benefits which only attract more poor people.

At the centre of Chicago's urban problems, as with other U.S. cities, is the decline in population associated with the flight from the city of White, mainly middle-income, families. The city has been losing population since 1960, but the pace has quickened in recent years.

Between 1970 and 1973 the city lost almost 6 per cent. of its population, almost as much as in the previous decade. As the First Chicago study makes clear, the outward migration of Whites has been primarily responsible. Chicago's White population in the 1960-70 period fell by nearly a fifth.

It is not just Whites who are leaving. Manufacturing industry has also been emigrating, either to the suburbs and away from the old inadequate multi-storey plants in the city or to the "sun belt" States of the South and West in search of cheaper and un-unionised labour. There are now fears that increasing taxation will only accelerate the drift from the city. Between 1967 and 1972 the number of manufacturing establishments in Chicago fell by almost 13.5 per cent.

The results of this substantial shift in population and the influx of a Black and Latino community which now accounts for an estimated 40 per cent. of Chicago's 3m. population have been varied.

The education system outside the private schools has deteriorated to the extent that it also has become a factor driving Whites to the suburbs and a major stumbling-block in any plans to attract White families back. The housing stock has deteriorated and prices have fallen sharply, with landlords and some owners allowing maintenance to be overlooked. (In New York the problem has been aggravated by rent controls, which are not applied in Chicago.)

Unemployment has become a serious problem in the Black community, particularly among young males, where it is alleged to be running as high as 50 per cent. The property tax base in the city is being eroded at a time when inflation and demands on the protective agencies are forcing up costs. The city is spending in 1976, according to its budget, about 37 per cent. of total outgoings on "protection of persons and property," mainly fire and police. (The proportion is to some extent overstated since services such as education and parks and recreation come under independent agencies, and not out of the city budget.)

According to Professor de Vise one in five of the city's residents are on welfare and one in two of the Black population. He claims that up to two-thirds of the young male Black population are unemployed.

Attempts by the city and the business community to tackle some of these growing urban problems have included urban renewal projects, many of them of a commercial nature such as office development or municipal developments such as college building. The Chicago 21 Plan, which envisages outgoings of as much as $8bn. over the next 20 or so years is a continuation of this approach, although the scope is being widened. Thus Continental Illinois Bank is intimately involved in a redevelopment project for the South Loop. The aim is to try to re-establish a self-sufficient middle income family community (probably largely White in practice) near the city centre.

Professor de Vise argues that the attempt is doomed to failure even though it is seen as marginally if at all profitable. He claims that the development will end up being populated by the better-off and by single people and couples without children. He also says too that the city's financial problems are more deep-rooted than is officially acknowledged and points to the early closing of the school system and cut back in the summer school programme as evidence.

He goes on to argue that the change will produce an inexorable tightening of the city's finances and that only by going outside its current resources for help can it mitigate the problem. One avenue is to get financial help from the Federal Government. Another would be to expand the city's boundary to take in some of the suburban hinterland and so increase its potential tax revenue.

In a recent speech at a convention of U.S. mayors, Mayor Daley himself urged greater federal support for cities, and the prospective Democratic nominee for Presidency, Mr. Jimmy Carter, has promised Federal Government support if elected. He has made it clear, however, that he does not believe that simply throwing money at urban problems is the solution.

In the background too is the —to many people—inexplicably passive acceptance by the Black community of the inequities it is having to bear. There are fears of racial violence flaring up again, although leaders of both Black and White communities draw attention to positive indicators too. Thus the Rev. Jesse Jackson, a Black leader criticised by some for having been too violent in his rhetoric and lacking in practical planning, is reported to be urging Blacks to take advantage of the legal rights they have been given and live up to their responsibilities.

S.F.

The Loop, an area ripe for redevelopment... to establish a middle-class community in t... Loop is under way.

The property market

THE REAL estate market was "so dynamic in the past, in the late 60s and early 70s — everyone thought the boom would never end," confessed one observer. But end it did, and New York and Chicago were among the worst casualties with Chicago happily taking second place to the Big Apple.

In fact, Chicago appears to have received only minor injuries. There were no major bankruptcies among developers. One major piece of real estate was repossessed, but not written off. There were no staggering write-downs on properties (such as in New York City) and now observers feel that the market is showing signs of firming.

Some of the statistics have not changed. Members of the Building Managers Association, for example, reported an occupancy rate of 87.11 per cent. in May. This figure, a local indicator of health of the real estate market, is little changed from last October. Other factors have convinced observers that although a resurgence may not be at hand, there are signs that the climate is at least stabilising.

Building managers, for example, are becoming more demanding in their dealings with prospective tenants, claims a real estate expert at Continental Illinois. They have ceased to give away months of free rent to induce a client to sign a lease. They are far less willing to make vast improvements or changes in the interior space to suit a tenant's needs. These costs, building management reluctantly shouldered to fill empty floors, but now they feel it is wise to say no.

Rental

Rental rates are looking up for the first time in a long while. Over the last six months, the rents for older structures in the central business district, the Loop, moved to the firm side of $6 per square foot, and have now inched into the $6.50-7.00 range. That is still behind rates for new space, which runs at $10.00-11.00. Prime space is about $12 and the top of the First National Bank building is $14.

How long it will take supply and demand to even out is unclear. Some estimates suggest two to four years for the market to consume existing space and increase overall rentals enough to justify future development.

Many political and social factors influence that turn of events. Chicago, like many cities across the nation faces complex problems that have an impact on commercial and industrial real estate—an eroding tax base, rising costs, high crime, often a deteriorating quality in the labour force and companies seeking the less expensive life of the suburbs.

These problems are rare but not unique in Chicago, nor are they new—but for the first time city government is worried enough to form an industrial development commission, which it hopes will at least be able to stem the flow of business from the city, even if it cannot successfully turn the tide.

The new commission, appointed only a few months ago, held its first meeting last Monday. Its chairman is Thomas G. Ayers, chairman and chief executive officer of Commonwealth Edison. Mr. Ayers and his fellow members of the business community have their task cut out for there is some question as to exactly how much real power and impact they will have. One highly placed government official suggested that subsidies from city and State coffers to attract new investment and new business were out of the question—so already the commission is facing sensitive issues.

It is also facing very real problems. Thus far this year two tenants renting 95,000 square feet of space moved from Chicago to other States. Many Northern cities are suddenly being confronted w[...] petition from S[...] South Western ci[...] lower cost of living[...] labour, often non[...] to some an almo[...] attraction.

The question re[...] a city like Chicag[...] ing social problem[...] climate favourabl[...] at the same time to remedy social [...]

It is not that Ch[...] thought about t[...] inner city life. A[...] and glossy br[...] appeared on beha[...] Department of De[...] Planning, promot[...] 21"—a plan for th[...] communities adj[...] central business [...]

It is billed as a[...] next century, and[...] a community wh[...] relations materia[...] continued to pros[...] It is the kind o[...] that looks good o[...] progressive and c[...] boasts all sorts [...] idyllic urban life[...] visible result for[...] come will fill the[...] One hopes this t[...] that awaits the [...] development com[...]

Candace

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mgrs. Ltd. [illegible]

Allied Hambro Group [illegible]

Anbacher Unit Mgmt. Co. Ltd.

Arbuthnot Securities Ltd. [illegible]

Archway Unit Tst. Mgs. Ltd.

Barclays Unicorn Ltd.

Baring Brothers & Co. Ltd.

Bishopsgate Progressive Mgmt. Co.

Brandts Ltd.

Bridge Talisman Fd. Mgrs.

The British Life Office Ltd.

Brown Shipley & Co. Ltd.

Canada Life Unit Tst. Mngrs. Ltd.

Capel (James) Mngt. Ltd.

Carliol Unit Fd. Mgrs. Ltd.

Charterhouse Japhet

Confederation Funds Mgt. Ltd.

Cosmopolitan Fund Managers.

Coyne Investment Mgmt. Ltd.

Crescent Unit Tst. Mgrs. Ltd.

Discretionary Unit Fund Managers

Equitas Secs. Ltd.

Equity & Law Un. Tr. M.

Framlington Unit Mgt. Ltd.

Friend's Provdt. Unit Tr. Mgrs.

G.T. Unit Managers Ltd.

G. & A. Tst.

Gartmore Fund Managers

Gibbs (Antony) Unit Tst. Mgs. Ltd.

Govett (John)

Grieveson Management Co. Ltd.

Guardian Royal Ex. Unit Mgrs. Ltd.

Henderson Administration

Hill Samuel Unit Tst. Mgrs.

Intel.

Ionian Unit Tst. Mngmt. Ltd.

Key Fund Managers Ltd.

Kleinwort Benson Unit Managers

L & C Unit Trust Management Ltd.

Lawson Securities Ltd.

Legal & General Tyndall Fund

Leonine Administration Ltd.

Lloyds Bk. Unit Tst. Mngrs. Ltd.

Lloyds Life Unit Tst. Mngrs. Ltd.

London Wall Group

M & G Group

ManuLife Management Ltd.

Mercury Fund Managers Ltd.

Midland Bank Gp. Un. Tst. Mgrs. Ltd.

Minster Fund Managers Ltd.

MLA Unit Trust Mgmnt. Ltd.

Mutual Unit Trust Managers

National Provident Inv. Mngrs. Ltd.

National Westminster

NEL Trust Managers Ltd.

New Court Fund Managers Ltd.

Norwich Union Insurance Group

Oceanic Managers

Pearl Trust Managers Ltd.

Pelican Units Admin. Ltd.

Perpetual Unit Trust Mngmt.

Piccadilly Unit T. Mgrs. Ltd.

Practical Invest. Co. Ltd.

Provincial Life Inv. Co. Ltd.

Prudl. Unit Tst. Mngrs.

Quilter Management Co. Ltd.

Reliance Unit Mgrs. Ltd.

Ridgefield Management Ltd.

Rothschild & Lowndes Mgmt.

Rowe & Pitman Management Ltd.

Royal Tst. Can. Fd. Mgrs. Ltd.

Save & Prosper Group Ltd.

Schroder Wagg & Co.

Scottish Equitable Fnd. Mgrs. Ltd.

Sebag Unit Tst. Managers Ltd.

Security Selection

Slater Walker Tst. Mngmt.

Stewart Unit Tst. Managers Ltd.

Sun Alliance Fund Mngt. Ltd.

Target Tst. Mgrs. Ltd.

Target Tst. Mgrs. (Scotland)

Trades Union Unit Tst. Managers

Transatlantic and Gen. Secs. Co.

Trident Trust

Schlesinger Trust Managers Ltd.

Tyndall Managers Ltd.

Tyndall Nat. and Comm.

TSB Unit Tst. Managers Ltd.

Ulster Bank

Unit Trust Account & Mgmt. Ltd.

Wieler Growth Fund

REGIONAL MARKETS

A selection of the share prices previously shown under regional headings is presented below with quotations on London, Irish issues, most of which are not officially listed in London, are shown separately and with prices as on the Irish exchange.

IRISH

[illegible]

INSURANCE, PROPERTY, BONDS

Abbey Life Assurance Co. Ltd.

Albany Life Assurance Co. Ltd.

AMEV Life Assurance Ltd.

Barclays Life Assur. Co. Ltd.

Beehive Life Assur. Co. Ltd.

For "Brandts Ltd." see "Lloyds Bk. Unit Tst. Mngrs."

Canada Life Assurance Co.

Cannon Assurance Ltd.

Capital Life Assurance

Charterhouse Japhet Life Ass. Co. Ltd.

The City of Westminster Assur. Soc.

The City of W'minster Ass. Co. Ltd.

Westminster Managed Fund

Commercial Union Group

Confederation Life Insurance Co.

Cornhill Insurance Co. Ltd.

Credit & Commerce Insurance

Crescent Life Ass. Co. Ltd.

Crusader Insurance Co. Ltd.

Eagle Star Insur/Midland Ass.

General Portfolio Life Ins. C. Ltd.

Growth & Sec. Life Ass. Soc. Ltd.

Guardian Royal Exchange

Hambro Life Assurance Limited

Hearts of Oak Benefit Society

Hill Samuel Life Assur. Ltd.

Imperial Life Ass. Co. of Canada

The Individual Life Ins. Co. Ltd.

Irish Life Assurance Co. Ltd.

King & Shaxson Ltd.

Langham Life Assurance Co. Ltd.

For Life & Equity Assurance see Cannon Assurance Ltd.

Life Assur. Co. of Pennsylvania

Lloyds Bk. Unit Tst. Mngrs. Ltd.

Lloyds Life Assurance

M & G Group

Magna Assurance Company Ltd.

Merchant Investors Assurance

NEL Pensions Ltd.

New Court Property Fund Mngrs. Ltd.

NPI Pensions Management Ltd.

Norwich Union Insurance Group

Phoenix Assurance Co. Ltd.

Prop. Equity & Life Ass. Co.

Property Growth Assur. Co. Ltd.

Prudential Pensions Limited

Reliance Mutual

Royal Insurance Group

Save & Prosper Group

Schroder Life Group

Scot. Widows' Fnd. & Life Ass. Soc.

Slater Walker Insurance Co. Ltd.

Sun Alliance Fund Mangmt. Ltd.

Sun Life of Canada (U.K.) Ltd.

Target Life Assurance Co. Ltd.

Transinternational Life Ins. Co. Ltd.

Trident Life Assurance Co. Ltd.

Tyndall Group

Vanbrugh Life Assurance

Welfare Insurance Co. Ltd.

Windsor Life Assur. Co. Ltd.

OFFSHORE AND OVERSEAS FUNDS

Albany Fund Management Co. Ltd.

Arbuthnot Securities (C.I.) Limited

Australian Selection Fund NV

Banque Bruxelles Lambert

Bk. of London & S. America Ltd.

Barclays Unicorn Int. (Ch. Is.) Ltd.

Barclays Unicorn Int. (I. O. Man) Ltd.

Bishopsgate Commodity (Ldn. Agts.)

Bridge Management Ltd.

Butterfield Management Co. Ltd.

Capital International S.A.

Charterhouse Japhet

Cornhill Ins. (Guernsey) Ltd.

Delta Group

Dreyfus Intercontinental Inv. Fd.

F. & C. Mgmt. Ltd. Inv. Advisers

Fidelity Mgmt. & Res. (Bda.) Ltd.

F.I.R.S.T. Managers Ltd.

First Viking Commodity Trust

Free World Fund Ltd.

G.T. Management Ltd. Ldn. Agts.

G.T. Bermuda Ltd.

G.T. Management (Asia) Ltd.

Hambro Pacific Fund Mgemnt. Ltd.

Hambros (Guernsey) Limited

Hapot Management Ltd.

Henderson Baring Group

Hill-Samuel & Co. (Guernsey) Ltd.

Hill Samuel Overseas Fund S.A.

International Pacific Inv. Mngt. Ltd.

J.E.T. Managers (Jersey) Ltd.

Jardine Fleming & Co. Ltd.

For "Jersey Savings Bank" see "TSB Unit Trust Managers"

Kemp-Gee Management Jersey Ltd.

Keyselex Mngt. Jersey Ltd.

King & Shaxson Mgrs. (Jersey) Ltd.

Kleinwort Benson Limited

Lampert Investment Mngt. Ltd.

Lloyds Bk. (C.I.) U/T Mgrs.

Lloyds International Mgmnt. S.A.

M & G Group

Samuel Montagu Ldn. Agts.

Murray, Johnstone (Inv. Adviser)

Negit S.A.

Negit Ltd.

Neptune Intnl. Fnd. Mgrs.

Old Court Fund Mngrs. Ltd.

Old Court Commodity Fd. Mgrs. Ltd.

Property Growth Overseas Ltd.

Royal Trust (CI) Fd. Mgt. Ltd.

Save & Prosper (Jersey) Ltd.

Schlesinger Fnd. Mgrs. (Jersey) Ltd.

J. Henry Schroder Wagg & Co. Ltd.

Singer & Friedlander Ldn. Agents

Slater Walker Tst. Mgt. (Jersey) Ltd.

Sofinvest Copper Trust Mngrs. Ltd.

Surinvest Trust Managers Limited

TSB Unit Trust Managers (C.I.) Ltd.

Target Trust Mgrs. (Cayman) Ltd.

Tokyo Pacific Holdings N.V.

Tokyo Pacific Hldgs. (Seaboard) N.V.

Tyndall Group

United States Tst. Intl. Adv. Co.

S. G. Warburg & Co. Ltd.

Warburg Invest. Mngt. Jrsy. Ltd.

World Wide Growth Management

NOTES

Prices do not include $ premium, where applicable, and are in pence unless otherwise indicated. Yields % (shown in last column) allow for all buying expenses. [illegible]

FT SHARE INFORMATION SERVICE

**BRITISH FUNDS

1976 High	Low	Stock	£	+ or −	Yield Int.	Red.
		"Shorts" (Lives up to Five Years)				
99 15/32	92 3/16	Treasury 6½pc 1976‡‡	99 15/32xd	......	6.53	10.94
98⅝	98⅝	Victory 4pc 1976‡‡	98⅝	......	4.04	—
101 13/32	99 3/16	Treasury 10½pc 1976‡‡	99 31/32	......	10.50	10.45
98 5/32	95 3/32	Treasury 6¾pc 1977‡‡	97 5/16	−1/16	6.42	10.51
97¾	94½	Electric 3pc 74-77	96⅛	−½	3.11	8.63
103 7/16	92 3/16	Treasury 11½pc '77‡‡	100½	−⅛	11.44	10.94
95⅛	91⅞	Treasury 3pc '77‡‡	94 13/16	−1/16	3.16	7.09
95⅝	92¼	Transport 4pc 72-77	95 1/32	−1/32	4.21	7.66
99 3/16	90½	Treasury 9pc 1978‡‡	96 23/32	−1/16	9.30	11.16
101½	97	Treasury 10¼pc '78‡‡	99 7/16	−⅛	10.56	10.82
93⅛	89⅝	Exchequer 5pc '76-78‡‡	92 1/16	−3/16	5.43	9.02
103 13/32	97⅞	Treasury 11½pc '79‡‡	99 31/32	−7/32	11.50	11.48
88⅞	83⅝	Treasury 3pc '79‡‡	88⅛	−¼	3.40	7.24
89⅛	73⅞	Electric 4¼pc 74-79	88½	−¼	4.80	8.40
100 7/32	94⅞	Treasury 10½pc '79‡‡	97	−⅛	10.82	11.58
88¼	83⅝	Electric 3½pc '76-79	87½	−¼	4.00	7.81
96 31/32	90¾	Treasury 9pc 1980‡‡	92 17/32	−7/32	9.73	11.55
96½	91¼	Treasury 9½pc '80‡‡	93 1/2	−7/32	10.21	11.79
86½	82¼	Treasury 3½pc '77-80	86	−¼	4.07	7.69
89½	71	Funding 5¼pc '78-80‡‡	88 11/16	−3/16	5.92	8.71
103 3/16	96 11/16	Treasury 11½pc 1981‡‡	99 7/32	−1/32	11.60	11.73
86	79	Treasury 3¼pc 1979-81	84xd	−½	4.17	7.71
95⅝	90⅛	Treasury 9¾pc 1981‡‡	91⅞	−1/16	10.61	12.04
		Five to Fifteen Years				
94⅛	86	Treasury 8½pc '80-82‡‡	87⅝xd	−⅛	9.69	11.58
107¾	99⅜	Treasury 12pc 1983‡‡	102⅛	−⅛	12.21	12.37
81⅛	73¼	Funding 5½pc '82-84‡‡	76⅜xd	−⅛	7.20	10.04
87⅝	79⅜	Treasury 8¼pc '84-86‡‡	81⅝xd	......	10.42	11.67
74⅞	67⅛	Funding 6½pc '85-87‡‡	69⅝	......	9.51	11.74
77⅝	71	Treasury 7¾pc '85-88‡‡	72xd	......	10.72	12.31
51¼	45⅝	Transport 3pc '78-88	48⅝	......	6.18	10.74
59¼	52¼	Treasury 5pc '86-89	55¼	......	9.25	12.00
103¾	93¼	Treasury 13pc 1990‡‡	95¼xd	......	13.64	13.76
75⅞	68	Treasury 8¼ 87 90‡‡	70⅛	......	11.87	13.05
60	53⅛	Funding 5¾pc '87-91‡‡	55½	......	10.66	12.75
		Over Fifteen Years				
100½	87⅝	Treasury 12¾pc '92‡‡	92⅛xd	......	13.79	13.95
98½	85¼	Treasury 12½pc '93‡‡	90xd	......	13.88	14.05
58	50⅝	Funding 6pc 1993‡‡	53⅝	......	11.67	13.21
75⅜	66⅛	Treasury 9pc '94‡‡	69⅞	......	13.14	13.73
36½	32⅛	Gas 3pc '90/95	33⅝	......	9.06	12.10
100	87⅞	Treasury 12¾pc '95‡‡	92¾	......	14.06	14.14
75⅞	66⅜	Treasury 9pc '92/96‡‡	70¼	......	13.37	13.88
95 3/16	93⅞	Exchequer 13¼pc '96‡‡	94⅞	......	14.14	14.20
35½	31	Redemption 3pc 1986-96	33½	......	9.19	11.83
102½	88	Treasury 13¼pc '97‡‡	93¼xd	......	14.16	14.21
70⅛	64⅜	Treasury 8¾pc 1997‡‡	68¼	......	13.45	13.90
57⅝	50⅛	Treasury 6¾pc '95-98‡‡	53⅜	......	12.97	13.70
76	65½	Treasury 9½pc 1999‡‡	69⅝xd	......	13.63	13.93
31½	27¼	Funding 3½pc '99-04	28¼	......	12.17	13.12
65	56¼	Treasury 8pc '02-06‡‡	60⅜	......	13.74	13.90
46⅛	39⅝	Treasury 5½pc '08-12‡‡	42¼	......	13.63	13.77
68⅞	52¼	Treasury 7¾pc '12-15‡‡	55⅞xd	......	13.83	13.89
		Undated				
30⅛	26⅜	Consols 4pc	27¼xd	......	14.30	—
27⅞	24⅛	War Loan 3½pc‡‡	25⅞	......	13.74	—
28⅞	25¼	Conv. 3½pc 61 Aft.	27¼	......	13.32	—
23¼	20⅝	Treasury 3pc 66 Aft.	21¾	......	14.33	—
19⅝	17	Consols 2½pc	18	......	13.93	—
19½	16⅞	Treasury 2½pc	18	......	14.46	—

**INTERNATIONAL BANK

1976 High	Low	Stock	£	+ or −	Yield Int.	Red.
99¼	98¼	5pc Stock 1976	99¼	......	—	—
74½	68½	5pc Stock '77-82	74½	+¼	6.97	11.54

**CORPORATION LOANS

[illegible]

COMMONWEALTH & AFRICAN LOANS

[illegible]

LOANS (Miscel.)

[illegible]

FOREIGN BONDS & RAILS

[illegible]

U.S. $ DM Prices exclude Inv. $ premium

AMERICANS

[illegible]

S.E. List Premium 45¼% (based on $1.7845 per £)

Conversion factor 0.6370 (0.6361)

CANADIANS

[illegible]

S.E. List Premium 45¼% (based on $1.7290 per £)

BANKS AND HIRE PURCHASE

[illegible]

Hire Purchase, etc.

[illegible]

BEERS, WINES AND SPIRITS

[illegible]

BUILDING INDUSTRY, TIMBER & ROADS

[illegible]

BUILDING INDUSTRY—Continued

[illegible]

CHEMICALS, PLASTICS

[illegible]

CINEMAS, THEATRES AND TV

[illegible]

DRAPERY AND STORES

[illegible]

DRAPERY AND STORES—Continued

[illegible]

ELECTRICAL AND RADIO

[illegible]

ENGINEERING, MACHINE TOOLS

[illegible]

ENGINEERING—Continued

[illegible]

FOOD, GROCERIES, ETC.

[illegible]

HOTELS AND CATERERS

[illegible]

HOTELS—Continued

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

هكذا اصل الأصل

INDUSTRIALS—Continued

INSURANCE

PROPERTY—Continued

TRUSTS—Continued

TRUSTS—Continued

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PROPERTY

SHIPBUILDERS, REPAIRERS

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

Finance, Land, etc.

OILS

OVERSEAS TRADERS

RUBBERS AND SISALS

TEAS

India and Bangladesh

Sri Lanka

Africa

MINES

CENTRAL RAND

EASTERN RAND

MINES—Continued

FAR WEST RAND

1976 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's
710	350	Blyvoor 25	395	−25	Q75c	ϕ	11.3
£14	750	Buffels R1	750	−30	Q125c	ϕ	9.9
198	95	Deelkraal R0.20	110	−6	—	—	—
760	280	Doornfontein R1	280	−40	Q55c	ϕ	11.6
965	600	East Drie R1	600	−50	Q75c	1.7	7.4
280	160	Elandsrand Gld. 20c	180	...	—	—	...
190	100	Elsburg R1	100	−4	‡Q338c	1.0	‡
£16½	£10¾	Hartebeest R1	£11¼	−¼	Q190c	ϕ	10.0
695	380	Kloof Gold R1	380	−40	Q47c	ϕ	7.3
760	360	Libanon R1	360	−40	Q80c	ϕ	13.2
740	335	Southvaal 50c	450	−25	Q8c	1.3	1.1
245	140	Stilfontein 50c	150	−8	‡Q36c	2.2	‡
£20½	£12½	Vaal Reefs 50c	£12½	−¾	‡Q175c	2.1	‡
420	145	Venterspost R1	145	−10	‡Q70c	1.9	‡
£35	£16½	W. Drie R1	£16½	−1¼	Q335c	ϕ	11.5
315	145	Western Areas R1	145	−15	‡Q52c	1.4	‡
£15¼	770	Western Deep R2	770	−30	‡Q[illegible]c	1.6	‡
290	190	Zandpan R1	205	−5	Q31½c	ϕ	9.2

O.F.S.

1976 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's
170	75	Free State Dev. 50c	95		Q14c	1.6	8.7
£22½	£11	F.S.Geduld 50c	£11	−¼	‡Q338c	1.3	‡
200	57	F.S. Saaiplaas R1	145	−5	Z6c	O	2.5
465	295	Harmony 50c	345	−10	Q65c	ϕ	11.2
195	70	Loraine R1	92	−6	Q6c	0.5	3.9
£18½	950	Pres. Brand 50c	£11	−¾	‡Q250c	1.3	‡
£13	635	Pres. Steyn 50c	635	−25	‡Q125c	2.2	‡
£23	£10	St Helena R1	£10	−1½	‡Q250c	1.2	‡
174	86	Unisel	114	...	—	—	—
330	210	Welkom 50c	210	−15	‡Q55c	1.7	‡
£25½	£14	W.Holdings 50c	£15½	−¾	‡Q475c	1.2	‡

FINANCE

DIAMOND AND PLATINUM

CENTRAL AFRICAN

AUSTRALIAN

TINS

COPPER

MISCELLANEOUS

1976 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's
10	8	Burma Mines 17½p	8½	...	0.1	ϕ	2.0
39½	23	Charterhall 5p	26½	+½	—	—	—
990	580	Cons. Murch. 10c	930	....	†Q80c	1.8	5.1
55	28	Laurasia	33	−2	—	—	—
455	245	Northgate C$1	355	+5	—	—	—
239	178	R.T.Z.	216		5.42	2.1	3.9
112	83	Sabina Inds. C$1	102	+5	—	—	—
£15⅞	£10	Tara Expln. $1	£15	+¼	—	—	—
90	65	Tehidy Minerals 10p	85	...	2.17	ϕ	3.9
142	84	Yukon Cons. C$1	138	...	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures: they are adjusted to ACT of 35 per cent. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields, assuming maintenance of net dividends on current rate of ACT, are based on middle prices, are gross and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- A Sterling denominated securities which include investment dollar premium.
- ■ "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents.
- ◆ Figures or report awaited
- †† Unlisted security
- ϕ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and or rights issue: cover relates to previous dividend or forecast.
- ** Free of Stamp Duty
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim: reduced final and or reduced earnings indicated
- § Based on 1973 profits
- ! Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ✦ Regional price.
- ‖ No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. r Australian currency. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Issue price. G Assumed dividend and yield after pending scrip and/or rights issue. K Figures based on prospectus or other official estimates for 1976-77. M Figures based on prospectus or other official estimates for 1976. N Dividend and yield based on prospectus or other official estimates for 1976. Q Gross. T Figures assumed. U No significant Corporation Tax payable. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution

"Recent Issues" and "Rights" Page 23

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FINANCIAL TIMES
Tuesday July 13 1976

Cunard's MFC bid has cool reception

BY JOHN WYLES, SHIPPING CORRESPONDENT

CUNARD Steam Ship Company's £55m. bid to acquire the 16 British flag ships belonging to Maritime Fruit Carriers has been given a cool reception by some of the banks holding first mortgages on the vessels.

MFC's main creditors, which include the Goverment as well as banks, now have independent powers to sell most of the ships following the Israeli-American company's default on loan arangements. Cunard's offer was made on Friday and by yesterday there were strong indications that several creditors believe that they can secure better sale prices than the average $6.6m. (£3.6m.) per ship offered by Cunard, a subsidiary of Trafalgar House Investments.

It is understood that several other major "reefer" (refrigerated) ship operators, including the Vestey Group's Blue Star Line, have expressed strong interest in buying sections of MFC's 16-strong British flag *reefer fleet. Prices being discussed* with various operators range up to $7.6m. per ship, but it is open to question whether this level would be sustained if the ships were all sold over a short period.

The Government, which effectively owns and controls six MFC ships following "mortgagee in *possession" proceedings initiated* last week, has yet to reveal its attitude to the Cunard offer. But with £35m. Government money at stake in loans and guarantees to MFC, Whitehall is likely to be looking for the best financial deal consistent with retaining the ships under the British flag.

Lonrho, too

The prospect that creditors could now start selling ships piecemeal puts further pressure on MFC's board to agree an early rescue deal with at least one of the investing groups whose contacts with the company over the last few weeks have ranged from intense negotiation *to lukewarm interest.*

MFC confirmed yesterday that Lonrho, the mining and industrial group, had been involved in discussions with the company's joint managing directors, Captain Mila Brener and Mr. Yaacov Meridor. Lonrho refused to comment on the matter or to discuss the degree of its interest in MFC.

The MFC Board is due to be called together to-day or to-morrow, probably in London despite indications from Captain Brener last Friday that it would be in New York. Apart from discussing Cunard's offer, the Board will also consider the $15m. offer from the so-called Moreno group (named after a Venezuelan businessman) and a $25m. proposal from four American companies.

The status of these proposals would be changed if substantial numbers of MFC ships were sold by creditors within the next week or two.

Meanwhile, MFC has withdrawn its request for a $7m. loan *guarantee from the Israeli* Government.

Benn committee takes issue with Healey economic strategy

BY PETER HENNESSY, LOBBY CORRESPONDENT

MR. DENIS HEALEY, Chancellor of the Exchequer, will be confronted later this week by a Labour Party document which bluntly contradicts the essential elements of the Government's economic strategy.

The party's home policy committee, chaired by Mr. Anthony Wedgwood Benn, the Energy Secretary, last night endorsed a quarterly economic report written by Mr. Geoff Bish, research secretary at Transport House. His paper argued that further spending cuts of £1bn. on next year's estimates will have a disastrous effect on the economy and a minimal effect on the borrowing requirement and the balance of payments.

It proposes instead that the Government should introduce temporary import controls of 15 per cent. on two thirds of Britain's manufactured and semi-manufactured imports, backed by selective import quotas.

The committee decided to seek a meeting with the Chancellor to enable them to discuss with him the document's refutation of his arguments.

Mrs. Shirley Williams, Secretary for Prices and Consumer Protection, was the only other Minister present at the meeting with Mr. Benn. She indicated her complete opposition to the views expressed in the economic document before leaving to address a meeting in the Thurrock by-election.

Mrs. Barbara Castle, former Secretary for the Social Services, was outspoken in her criticism of the Chancellor for failing to consult the Home Policy Committee about the Government's proposed cuts in public expenditure.

Mr. Callaghan will appear to be faced once more by a stark contravention of the doctrine of collective Cabinet responsibility by his Energy Secretary. Mr. Bish's document in no sense *coincides with Government* policy and the decision to accept it was taken unanimously.

The committee also passed without dissent a second Transport House document urging the Government to nationalise four clearing banks, one merchant and the seven leading insurance companies. The paper will go before a full meetng of Labour's National Executive Committee on July 28 when the Prime Minister is expected to lead a full-scale assault upon its findings.

Tribune MPs sure cuts of £1bn. will go ahead

BY RICHARD EVANS, LOBBY EDITOR

MEMBERS of the Tribune group of Left-wing Labour MPs left a two-hour meeting last night with Mr. Denis Healey, Chancellor, convinced that cuts of about £1bn. in public expenditure programmes during the next financial year will go ahead as proposed despite their passionate protests.

Mr. Healey, in part of an energetic "softening up" process among Labour MPs, argued that the cuts, although painful were vital because o the need to transfer more resources into manufacturing industry. By all accounts he gave no ground to his party critics on the Left who are more certain than ever that cuts will affect a wide range of cherished party programmes including the social services, housing, education and transport.

The Chancelor confirmed that the Cabinet would get down to detailed discussions on Thursday on the size and composition of *the cuts in 1977-78 and* gave the impression that a Commons statement would be made next week if possible or, in any event, during the following week. Mr. Healey and Mr. Callaghan will continue party soundings on Wednesday when they address the full Parliamentary Labour Party.

The one promise that Mr. Healey appeared to give was not to return to the Party next year with a package of more spending cuts. He gave the impression that the current exercise was intended to be sufficiently harsh to ensure that no more were needed.

But this was not enough to placate the Tribune Group. A collective decision has not been taken, but veiled warnings were given after the meeting that the Government could not rely on Left-wing support in the Commons if cuts turned out to be as savage as speculation suggested.

"We were left in no doubt from what the Chancellor said that something unpleasant is about to happen," Mr. Arthur Latham, chairman of the Tribune group, said gloomily after the meeting. Their hope was that sober exchanges might have some influence on the nature of the package. "But whether we have sufficient influence to make the package acceptable is highly doubtful," he added.

Main points made by the MP after a 20-minute opening statement from the Chancellor were to highlight the danger of shifting resources to industry with no guarantee that these would be used efficiently.

AMC shares suspended briefly

BY STEWART FLEMING

NEW YORK, July 12.

THE shares of American Motors, smallest of the U.S. car manufacturers were suspended briefly from trading on the New York Stock Exchange this morning following announcement of an unexpected third-quarter loss and, as forecast, of a loss for its fiscal year to September 30.

The forecast loss for the year implies that the company's fourth-quarter loss will be at least $5m., a serious reverse compared with the net profit of almost $16m. earned in the fourth quarter of its previous financial year.

The forecast also contrasts sharply with predictions made in April by the company's chairman, Mr. Roy Chapin. He said that after a series of difficult trading quarters and a net loss of $27.5m. for its 1975 fiscal year, the company would be profitable in 1976.

American Motors' third-*quarter loss is $3.9m.* compared with a profit of $10.1m. in the same period of 1975.

For the first nine months of the current financial year the company has earned a net profit of $4.8m. compared with a loss of $43.2m. over the first nine months of its 1975 fiscal year, in the first half of which it suffered heavy losses.

Turnover in the first nine months of 1976 fiscal year is $1.8bn. ($1.6bn.).

The company described its third-quarter performance as disappointing and below expectations. Its main problem appears to have been the recession which has hit the smaller car market, the sector in which American *Motors, with its Pacer and* Gremlin models, is best represented.

Thus, while General Motors Chrysler and Ford, companies which dominate the U.S. car industry, are forecasting a sales increase of about 26 per cent. in the number of cars they expect to sell in 1976, American Motors has seen its share of the domestic U.S. car market almost halved and, for the first nine months of this year, it has sold almost 2,000 fewer cars than last year.

Its car sales in the third quarter have been particularly badly hit with only 67,910 units sold, compared with 93,349 in the same period of last year. In the month of June its market share was down to only 2.6 per cent. of the domestically manufactured production, compared with 5.3 per cent. in June, 1975.

Through each of the first six months of 1976, American Motors' share of the U.S. market has been declining.

Riccardo pleased with unions

BY TERRY DODSWORTH, MOTOR INDUSTRY CORRESPONDENT

THE CHAIRMAN of Chrysler Corporation, Mr. John Riccardo, is encouraged with co-operation shown by unions since the company reached agreement with the Government on rescue terms for its U.K. subsidiary.

Describing Chrysler U.K.'s plans for worker participation as a "bold, innovative approach," Mr. Riccardo, interviewed in Detroit, said that the company had done better than he expected. "There has been a tremendous improvement in communications," he said.

Mr. Riccardo dismissed the suggestion made recently in Britain that the decline in the value of the pound would have a serious effect on the company's earnings.

Although Chrysler's important car exports to Iran are paid for in sterling, this would not have a serious effect on its international trading position. As long as the company could successfully complete plans for this year "the rest of the programme will put us in the black."

Chrysler had not wanted to pull out of the U.K. market: "We are expansionists." But the company's warning that it might be forced to leave was not an idle threat. "Our nature is not to run loss-making operations."

Mr. Riccardo said that the future in Europe would depend on the success of the company in integrating car manufacturing between France, Spain and the U.K.

A proposal to build the Alpine model in the U.K. had been in the product programme several years ago but had to be abandoned because of lack of profits in the British company. But now the Government rescue scheme had put the company in the position to bring the U.K. business closer to operations in Spain and France.

The European group's product planning and design functions, he said, would remain at Whitley in Coventry, and he also outlined a plan to establish more company-owned dealerships.

Riccardo's view of Chrysler's future Page 19

NUR seeks 50% union members on Rail Board

BY CHRISTIAN TYLER, LABOUR STAFF

HALF the seats on the British Rail Board should be filled by members of trade unions, the National Union of Railwaymen has told the Government in reply *to a Ministry questionnaire on* industrial democracy.

Criticising the present consultative system, the union says that in addition to worker directors there must be "active" worker participation at every level—not only in British Rail but in British Waterways, the National Freight Corporation and the National Bus Company.

This is the first detailed submission to the Whitehall inquiry into industrial democracy in the public sector to be revealed. Virtually all the demands made by the NUR come in answer to questions from the Department of the Environment.

The NUR does not accept that 50-50 representation will mean *stalemate in the Boardroom.* It rejects the idea of supervisory Boards as practised on the Continent and proposed by the TUC.

Scepticism

Other major unions have treated this inquiry—which is running parallel to the more formal Bullock Committee investigation into the private sector—with some scepticism.

The Transport and General Workers' Union, while calling for parity on State Boards, last week said it was not satisfied with the informality of the Whitehall exercise. The Electrical and Plumbing Trades Union has refused to answer a questionnaire, while the General and Municipal Workers' Union has given no formal reply.

But the NUR's detailed answer generally follows the TUC line.

Worker directors, it says, should not simply represent workers' interests but take a broader industry view. They should be bound by the same considerations of confidentiality, accepting responsibility for unpopular and popular Boardroom decisions alike.

Consumers should in principle have some say at Board level —although this might be problematical to arrange—but not at lower levels.

Asked how decisions are to be taken if a Board splits on an issue, the NUR says it believes most decisions will be arrived at without the need for a show *of hands.*

Only in extreme cases would a union wish to revoke the appointment of a worker director. He or she should be allowed to disagree in public with Board decisions without having to resign.

Dealing with the thorny question of representation for non-unionists and managers, the NUR says the problem does not arise in its industries, where closed shops have been negotiated.

It says that there is no reason why a worker director should not at the same time be a full-time union official or someone involved in wage bargaining.

The NUR's case was explained *yesterday by Mr. Sid Weighell,* general secretary, in a long speech to delegates at the union's annual conference in Paignton, Devon. They unanimously supported a resolution instructing the union's leaders to seek full participation and joint control in companies where the 180,000-member NUR is recognised.

A report on industrial democracy in the public sector is expected to emerge alongside the findings of the Bullock Committee this winter, and will be used as the basis of legislation promised by the Government for next session.

Before that, a separate Bill is expected to be published to set up worker participation in the *Post Office,* perhaps for a two-year trial period.

● The final stage of Southern Region rail cuts intended to save £2.5m. to £3m. in the current year are to be announced to-day. Major cuts in week-end services came into effect from April 20, and BR will give details of Sunday station closures and ser*vice reductions to be enforced* from October next.

Earlier in the year BR predicted the closure of up to 180 stations on Sundays but the announcement is likely to involve only around 30.

Survival in doubt Page 13

Three new issues likely this month

BY TERRY WILKINSON

THERE WERE strong indications yesterday that there could be three major new issues in the offing, after an interval on the Stock Exchange of three years.

Already known are the offers for sale from Hambro Life, scheduled for next Monday, and international meat traders Thomas Borthwick and Sons a week later. Both are expected to raise around £10m. as is a third unidentified issue, which is likely to be announced before the end ot the month.

Such a bunching of offers may seem unusual, after a three-year absence on the market, and the entry of a third candidate has caused Morgan Grenfell, merchant bankers to the Borthwick issue, to put back the "impact day" for its underwriting arrangements from July 22 to July 23.

Save and Prosper, the U.K.'s largest unit trust group, was being discounted yesterday as the possible third candidate although it is known that arrangements for a public flotation in the near future are under active consideration.

Continued from Page 1

May output

cycle, and is still about 5 per cent. below the end-1973 peak.

A major uncertainty is whether the further sharp rise in output over the next 12 months will lead to over-heating and supply bottlenecks as quickly as in 1972-73. However, Mr. Healey said last week that there were not likely to be major problems of capacity restraints, at least in the next 12 months.

The Central Statistical Office points out that while the recent growth in output of the intermediate goods industries, such as chemicals, has continued, the total increase appears to be more general. It affects the output of the consumer goods and investments goods industries as well, showing rises of 1.3 and 1.8 per cent. respectively on a three-monthly basis.

The improving trend in these sectors is being interpreted cautiously at this stage, though it confirms that the overall recovery is gaining strength. There are, for example, doubts about how much emphasis should be placed on a 1.9 per cent. rise in engineering output on a three-monthly basis.

Elsewhere, the earlier sharp rise in chemicals and petroleum products is now tending to moderate with a 1.3 per cent. increase in the last three months compared with December-to-February.

The 7.2 per cent. rise in metal manufacturing production on the same basis partly reflects a distortion caused by the low December figure but steel production is now rising steadily and non-ferrous output is on a definite uptrend following the end of de-stocking with demand from the motor vehicle sector and stockholders. Aluminium exports have also increased. The only sectors to show a three-month decline are textiles which has recently been extremely volatile, and mining and quarrying.

Weather

U.K. TO-DAY

MOSTLY warm, occasional rain. Wind light or moderate.

London, S.E., E., and N.E. England, E. Anglia

Thundery showers, becoming dry an dsunny. Max. 25C (77F).

Cent. S., N.W. and Cent. N. England, Midlands, N. Wales

Dry at first, showers later.

Channel Is., S.W. England, S. Wales

Sunny at first, cloudy later.

Lakes, I. of Man, S.W. Scotland, Argyll, N. Ireland

Sunny at first, showers later.

Borders, Edinburgh, Dundee, Aberdeen, Glasgow, Cent. Highlands

Rain at first, becoming brighter. Max. 21C (70F).

Outlook: Warm; rain or showers.

Pollen count: 4 (very low). Forecast: similar.

Lighting-up: London 21.44, Manchester 22.03, Glasgow 22.25, Belfast 22.25.

BUSINESS CENTRES

		Y'day mid-day °C	°F			Y'day mid-day °C	°F
Amstrdm.	S	24	75	Madrid	S	26	79
Athens	S	28	82	Manchstr.	C	23	73
Barcelona	F	28	82	Melbourne	C	12	54
Belfast	C	21	70	Milan	C	26	79
Belgrade	F	27	81	Montreal	R	17	63
Berlin	F	27	81	Moscow	C	23	73
Birmghm.	C	23	73	Munich	S	27	81
Brussels	S	24	75	Newcastle	C	19	66
B. Aires	S	12	54	New York	C	27	81
Cairo	S	35	95	Oslo	C	21	70
Cardiff.	F	25	77	Paris	R	23	73
Cologne	S	31	88	Perth	S	18	64
Copnhagn.	F	21	70	Prague	C	27	81
Dublin	F	19	66	Rome	F	29	84
Edinb'rgh	C	18	64	Stockholm	F	21	70
Frankfurt	S	31	88	Strasb'rg	F	29	84
Geneva	C	27	81	Tehran	S	39	102
Glasgow	C	21	70	Tel Aviv	S	27	81
Helsinki	F	16	61	Tokyo	R	25	77
Hong Kong	S	30	86	Toronto	C	14	57
Jo'burg	S	18	64	Vienna	S	27	81
Lisbon	C	23	73	Warsaw	C	23	73
London	F	28	82	Zurich	F	27	81
Luxemb'g	S	30	86				

HOLIDAY RESORTS

Ajaccio	S	28	82	Jersey	C	23	73
Algiers	S	30	86	Las Plms.	S	26	79
Biarritz	F	23	73	Locarno	C	22	72
Blackpool	C	18	64	Luxor	S	37	99
Bordeaux	C	26	79	Majorca	S	29	84
Boulogne	S	23	73	Malaga	S	34	93
Casablnca.	F	23	73	Malta	S	26	79
Corfu	S	30	86	Nairobi	C	20	68
Dubrovnik	S	27	81	Naples	F	28	82
Faro	S	26	79	Nice	F	26	79
Florence	F	30	86	Nicosia	S	28	82
Funchal	S	25	77	Oporto	F	21	70
Gibraltar	S	29	84	Rhodes	S	28	82
Guernsey	F	20	68	Tangier	S	25	77
Innsbruck	F	27	81	Tenerife	F	21	70
Inverness	C	21	70	Tunis	S	31	88
Isle of Man	C	18	64	Valencia	S	34	93
Istanbul	C	24	75	Venice	F	29	84

S—Sunny. F—Fair. C—Cloudy. R—Rain.

THE LEX COLUMN

The next step fo traded options

Sometime soon — possibly a week to-day — the Council of the Stock Exchange will be getting down to some major decisions about the establishment of a market in traded options in London. By the end of this week, the Council's special committee should have formed its conclusion as to whether or not it is feasible to set up such a market within the framework of the present membership and jobbing system — and if the jobbers have their way, the answer will be in the affirmative.

A committee of the half dozen leading jobbers has already agreed, unanimously, that it would indeed be feasible to operate an options market within the existing system. It has also accepted that such a market could not simply be treated as an extension of running a book in stocks and shares, and would need to be operated on a Chicago-type auction system. It follows that an options market would have to be run on its own separate trading floor.

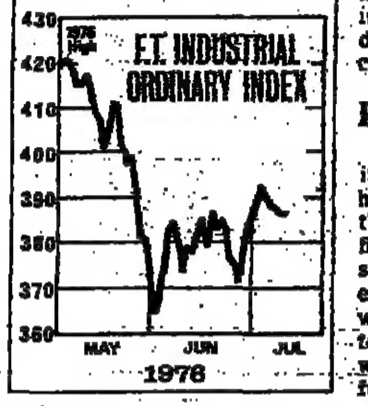
Under this kind of arrangement, the jobbers would act as market makers while the brokers would be market agents. Supporters of the original proposals may not be too upset by this: after all, the special committee has claimed that Chicago, by its strict separation of principal and agent, resembles London more closely than it does any U.S. stock exchange.

However the exclusion of outsiders could have repercussions on the efficiency and costs of running an options exchange. An auction system, in order to function properly, needs active participants—and the Amsterdam authorities have certainly made it clear that they are out to attract the big international brokers and institutions. Are there enough enthusiastic members in London to make the system work? Some firms are bitterly opposed to the whole idea. And who pays? Only those who want to play, members may reasonably argue.

There is another potential problem. Chicago goes to great lengths to ensure that exactly the same information (including the price and market situation in underlying securities) is available to all participants in the auction. This could hardly be the case when the market makers are also running a secret book in the underlying security.

Against this, the jobbers suggest that the practical requirements of dealing in a share and in an option with a life of up to nine months are so different that genuine conflicts of interest are unlikely to arise. They add that the option market would be no different from the Stock Exchange in relying on the fact that the people who would participate would want to continue in business, and would therefore behave accordingly. It is also possible to argue that the ability to lay off risk through

Index fell 0.3 to 386.4



an option market would add a valuable degree of liquidity to the jobbing system.

Agreeing to operate within the existing system—as opposed to a separate body as originally proposed — would enable supporters of the option concept to outflank some of the opposition. For instance it would be harder for opponents to complain that in sponsoring such a system the *Stock Exchange would be helping* to fragment the central market, or that the Exchange would be taking on major responsibilities for the new animal without adequate facilities for controlling it. And it would also soothe a number of vested interests: any threat to the "monopoly of membership," however indirect, would be unacceptable for some members.

However this kind of compromise will obviously not help to overcome political or emotional objections to a market which, as the special committee freely admitted, is essentially non-productive—and in which the participants in total must inevitably lose an amount which equals the running costs of the exchange plus the revenue of the professionals involved. And since the arguments in favour of an options market depend to a greater or lesser degree on the activity which any move which duce the number participants may reduce the appeal idea.

The essential the Chicago Boar Exchange develope commodities exchar than as a natural e an existing stock ex one can say with an assurance that it car successfully on to market. The weak argument is that being developed by makers in response ments in the U.S., in response to p demand from inves country.

Production up

The Treasury's u its economic growt has been quickly the latest industrial figures, with the spreading deeper in engineering. Mea wholesale price figu to follow the rec with the cost of m fuel surging by 13 all during the past f but output prices to rise moderately cent. to 1½ per cent.

In themselves suc not provide any further slippage in ment's inflation targ do underline the p being blown furthe by exchange rates or prices. More buoy will also offer great companies to push prices, perhaps takin of the relaxations Code.

The cyclical impl the stock market ever clearer. A fal ratio, the beginn revival in deman loans, and the fir the steel industry) tion bottlenecks c taken as indicatio equity peak is n already past. Bearis in the City is now widespread than it month ago. The s might be that the payments will hol better than in previ upturns. But the not appear to be ver about to-morrow's figures.

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